

Reviews of the Region and West Papua are not included in this issue.

FIJI

The repercussions of the political crisis caused by George Speight's attempted coup of May 2000 still had overwhelming impacts on sociopolitical and economic arrangements in Fiji throughout 2005. In fact the tasks of both the interim government since the crisis of 19 May 2000 and the elected government after the general election in 2001 have been difficult and challenging. Not only did these governments have to deal with restoring the economy, but more important, they also had to initiate solutions to minimize, or better still, totally eradicate Fiji's coup culture. Diverse sociopolitical and economic interests had to be negotiated and harnessed for the sake of political stability and economic growth. These were top priorities, given the fact that all states are now part of a global political economy in which there is little control over changing economic circumstances. Political instability as experienced in Fiji after 1987, when the first two coups occurred, has inevitably complicated the chances of economic development.

The year 2005 was greeted in Fiji with ongoing political dilemmas, which were expressed through a continuous war of words between the Soqosoqo Duavata ni Lewenivanua/Matanitu Vanua (SDL/MV) coalition government of Prime Minister Laisenia Qarase and the Republic of Fiji

Military Forces and its commander, Commodore Voreqe Bainimarama. Both the SDL and the MV parties were formed after the 2000 political crisis. The SDL was formed by Qarase during his term as interim prime minister, and the MV was first formed in Vanua Levu (Fiji's second biggest island) by chiefs and people who supported the Fijian cause advocated by coup leader Speight. Qarase's solution to political instability centered on a reconciliation process, whereby an independent unity commission would be established through legislation to offer solutions for the causes of the 2000 crisis. On the other hand, Commodore Bainimarama strongly advocated applying the rule of law to all offenders. By January 2005, Bainimarama had issued warnings against the perpetrators of the 2000 coup, whom he believed were still not being dealt with by the law. He warned, "For the financiers and the supporters of the rebels . . . I am anything but an officer and a gentleman" (*The Review*, Jan 2005, 1-5).

Fiji's continuing political tensions, strongly expressed in 2005, are multi-layered. Beneath the much-explained interethnic conflict, which emerged as part of Fiji's colonial legacy, are other struggles that have evolved from time immemorial and intensified through modern competitions for power. The ongoing conflict between government and the military highlighted both modern and traditional conflicts expressed through state institutions. Bainimarama's consistent stand on

national security issues and the need to bring the 2000 coup perpetrators to justice became the center of controversy between the military and the SDL/MV government, which has its power base in a number of coup-prone vanua (land-based traditional political entities). Qarase's belief in reconciliation as a long-term solution to Fiji's political instability resulted in a Reconciliation, Tolerance and Unity Bill, which is currently before Parliament. The bill promotes reconciliation through the principles of restorative justice, where the "wrong" and the "wronged" are brought together to discuss and resolve their problems. Based partially on the Fijian customary way of *veisorosorovi* (traditional apology), it is envisaged that in the long-term, this process of reconciliation will heal wounds and permanently solve problems (Durutalo 2003; *FIB*, July 2005, 12–14). However, using the traditional methods of *veisorosorovi* to appease the wrongs already committed has not been nationally acceptable to the different ethnic groups in Fiji. Even before consideration of the bill in Parliament, opposition intensified when a few of the "chiefly perpetrators" of the 2000 coup were released from prison to serve their sentences extramurally. These included former vice president of the Republic of Fiji, Bau high chief Ratu Jope Seniloli; the Tui Cakau and high chief in the Matanitu of Tovata, Ratu Naiqama Lalabalavu; and Viliame Savu, a pioneer Fijian nationalist (*Fiji Times*, 5 Jan 2005, 1; 5 Feb 2005, 6).

Different groups expressed concerns about the bill on a number of grounds. First was the appearance

that, if passed, the bill would endorse two sets of laws in Fiji: the introduced rule of law and a semblance of customary law. The latter, based on restorative justice, would cater mostly for some groups of indigenous Fijians. Prime Minister Qarase explained: "The bill is an approach to justice adopted in other nations that have been driven and damaged by internal strife. It is undeniable that large numbers of active sympathizers of that upheaval felt they were standing for indigenous rights. But their actions were against the law. What they did was related to the grievances, insecurities and fears of the Fijian people, born out of a colonial decision to bring to Fiji settlers from India. Two distinct ethnic groups, with quite different cultures and religious beliefs were thus living in our islands. Colonial policy largely kept them apart. . . . This polarization brought us to the coups of 1987 and 2000 and to the legal initiative we have launched to spur and complement efforts for accomplishing justice and reconciliation" (*FIB*, July 2005, 11).

The application of the rule of law has become problematic to different groups of Fijian leaders. While the military commander believes in equality before the law and its application as a deterrent to crime, the prime minister believes that wholesale application of the rule of law would ignore the nature of crime committed by the coup perpetrators. The logical conclusion of this argument would be that the British colonizers were responsible for the coups in 1987 and 2000. Since Fijian involvement was only secondary, then the rule of law should be modified accordingly. Through recon-

ciliation, the wrong and the wronged can forgive each other; the wrong will never re-offend, and long-lasting peace can be an end result. The twist in this argument is the belief, as argued by the prime minister, that: "The country won't enjoy stability and hence peace, progress and prosperity unless Fijians remain on top politically. That is the way it is in Fiji. It will remain so until indigenous Fijians feel confident about their place in a land where they are now nearly 54 percent of the population, having recovered from a minority position" (*FIB*, June 2005, 8).

The attempt to introduce a Reconciliation, Tolerance and Unity Bill contributed to the challenge of bringing about economic growth in Fiji. Expiring and non-renewed land leases contributed to increasing urban squatter problems, while global economic reforms caused declining export earnings from sugar and garments. Unemployment rates were slowed somewhat as mostly Fijian males were recruited for reconstruction work in Iraq and Kuwait. By April 2005, approximately 20,000 Fijians had applied for reconstruction work through two recruiting companies, Meridian Services Agency and Global Risk (*FIB*, April 2005, 3–7).

As part of an effort to look beyond Australia and New Zealand for new trade partners and markets, a trade mission visited India in 2005. India offered Fiji a soft loan of F\$86 million and a team of technical experts to overhaul the ailing sugar industry. The model would be the industry in the Indian city of Mysore, a highly integrated producer of sugar, electricity, ethanol, and organic fertilizers. In

addition, four memoranda of understanding were negotiated, along with two bilateral agreements concerning water resources management and coconut industry development. The four memoranda, focused on health and medicine, tourism, information, and communication technology, enabled the establishment of a joint trade commission, which will meet annually (*FIB*, Nov 2005, 8). India has a lot to offer Fiji in the area of health, and a number of patients are sent to India for medical treatment. Tourism development may benefit both countries.

Recently Fiji and Nauru have joined Tuvalu, Kiribati, and Tonga in abandoning the "One China" policy and courting Taiwan. In mid-2005 Taiwan's President Chen Shui-bian was accorded a full traditional Fijian ceremony of welcome and received by Fiji government delegates at Fiji's Nadi International Airport. China's ambassador to Fiji, Cai Jinbiao, expressed his government's disappointment with Fiji for officially recognizing the arrival of Chen Shui-bian. Relations with China deteriorated further in mid-May, when Fiji and Papua New Guinea supported Taiwan's bid to join the World Health Organization (*FIB*, June 2005, 23–24).

New laws and regulations regarding global and regional trade have incited conflicts between Pacific countries including Fiji, Vanuatu, and Papua New Guinea. Fiji responded to Vanuatu's ban on Fiji's biscuits by imposing its own ban on Vanuatu kava. Vanuatu is not a member of the World Trade Organization, and so avoided the rules disallowing such trade bans. However, the two coun-

tries discussed lifting their bans during the sixteenth meeting of the Melanesian Spearhead Group in Goroko, Papua New Guinea, in 2005. Also discussed at the meeting was Fiji's earlier ban on imports of Ox & Palm corned beef after a negative report about the processing plant in Papua New Guinea (*FIB*, Sept 2005, 32–33).

Fiji has maximized its benefits from tourism through innovative changes by the government's visitors bureau. Tourism is now the biggest earner of foreign exchange, with visitor arrivals reaching a record 495,008 in 2005, up from 430,800 in 2003. The Fiji Visitors Bureau forecasts that in the year 2007 there will be 610,000 visitors, and a total foreign exchange earning of a billion dollars (*FIB*, Sept 2005, 10).

The boom in the tourist industry also caused some indigenous Fijian owners to think seriously about how to protect and profit from their natural resources. In 2005, a bill for the state to return qoliqoli (traditional fishing grounds) to their indigenous owners was finally introduced in Parliament. A request by chiefs for the return of qoliqoli had been granted by the British Crown as early as 1881, but nothing had ever been done about it (*FIB*, June 2005, 20–21). Traditional qoliqoli owners located near hotels (which are almost wholly foreign owned) have been unable to get access to traditional fishing grounds because the state still "owns" the resources and has given access through leases to hotel owners. Some resource owners are also concerned about the damage done to the natural environment through the construction of large hotels. In 2005, Fijian landowners

from Mobi and Nabila villages in the district of Nadi on the western side of Viti Levu threatened to disrupt the construction of the Marriott Fiji Resort because of damage to their traditional qoliqoli. The Fijian Resource Owners Group, led by retired politician and western Fijian chief Ratu Osea Gavidi, has been vocal in highlighting these concerns. On the other hand, the hotel owners are urging consideration of the benefits that the government gains from tourist dollars (*FIB*, June 2005, 21).

Whichever party wins in the 2006 general election, Fiji's leaders will continue to face the challenges of enhancing the country's economic growth while promoting political stability.

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NEW CALEDONIA

The "post-colonial" process of nation building continued in Kanaky/New Caledonia in 2005, as the new government elected in May 2004 entered its second year. The political stars of Avenir Ensemble (AE, or Future

Together) and Palika-UNI (Parti de Libération Kanak plus the rump Front de Libération Nationale Kanak et Socialiste, or FLNKS) rose, relative to the stars of Jacques Lafleur and his Rassemblement pour la Calédonie dans la République (RPCR) and the pro-independence Union Calédonienne (UC), though the minority AE government (only 16 out of 54 seats in Congress) had to share power in the cabinet and thus continue nurturing a case-by-case consensus in order to pass local “laws of the country.” Moreover, contentious issues remained unresolved, such as creating a local citizenship, protecting local hiring, restricting the electorate on important votes, and balancing economic development with much-needed social programs. The struggles over increasing nickel exports in the North and South provinces, in the face of militant labor strikes and Kanak customary and/or environmental protests, often disrupted the country.

In January, supporters of independence organized a three-day commemoration of the twentieth anniversary of the assassination by French sharpshooters of Eloi Machoro and Marcel Nonaro in La Foa. Both are regarded as martyrs in the FLNKS uprising of 1984–85, though the French State and loyalist settlers called them terrorists. At the opening of a new sociocultural hall in Canala named after Machoro, Jean Pierre Pouperon of the organizing committee said the event expressed both a duty to remember and a message of unity. The organizers hoped to show that Machoro and Nonaro were fighting for justice and freedom, both for the indigenous Kanak and for other

ethnic groups exploited by French colonialism. Because of post-1980s divisions in the FLNKS, the organizers wanted to remind people of the need for solidarity in order to achieve the “common destiny” proposed by the 1998 Noumea Accord. Palika spokesman Sylvain Pabouty argued that Machoro, who smashed a ballot box in a famous incident in November 1984 and then conducted an active rural struggle to recover stolen lands, had helped to unify the Kanak movement on the ground, shake up the colonial system, and internationalize the independence struggle by attracting more support abroad, culminating in the United Nations’ inscription of the territory on its decolonization list in 1986. Jean-Paul Caillard, another activist, said that the FLNKS revolt had forced France to create three provinces, so that Kanak leaders could govern the North and Islands provinces—a success that “saved the existence of a people”—and that individual democratic rights, which had once been used as a colonial weapon against collective indigenous liberation, now served decolonization instead (KOL, 13 Jan, 17 Jan 2005).

The local branch of the League of the Rights of Man, led by Kanak activist Elie Poigoune, held several colloquia during the year to encourage public discussion on important issues. In mid-June, Billy Wapotro of the Protestant Educational Alliance and author-teacher Dr Louis-José Barbançon spoke about the meaning of a “common destiny” and how to achieve it. Wapotro urged people to study history in order to change it; to avoid the tragic confrontations of the past, Kanak and non-Kanak must find

ways to coexist through active dialogue leading to greater mutual understanding. Barbançon said French settlers needed to become “Oceanians of European origin”; many were already intermarried with non-Europeans and should work toward better ways to share the country’s riches. In the discussion that followed, Poigoune said, “The common destiny is built slowly every day if we believe in it,” notably in schools, municipalities, churches, and mixed couples, though it still required more promotion in civic and political circles (KOL, 9 July 2005). At a second colloquium in July, Octave Togna, director of the Jean-Marie Tjibaou Cultural Center, reminded the audience of the 1983 Nainvilleles-Roches roundtable in France, where Kanak and loyalists had agreed to recognize each other’s heritages and rights; he advocated political cohesion through the teaching of cultural diversity to young people: “a common destiny is a permanent quest.” Author Pascale Bernut-Deplanque warned that local political citizenship would be insufficient without intercultural education based on mutual recognition: “The challenge is to establish a balance among identities by favoring an integration that is not an assimilation [to France].” High Chief Nidoish Naisseline of Maré argued that “custom” is above all an exchange, and since UNESCO recognized the equality of all cultures, “there is no contradiction between being rooted and going out into the world, or between tradition and modernity” (KOL, 9 Aug 2005). After Mareen women organized a protest to demand their inclusion in the new Customary Senate, because of their

role in building interclan bonds through marriage, Naisseline supported them at a third colloquium, arguing that the Senate was not a traditional institution anyway but rather was intended to defend all who lived according to Kanak custom, not just male chiefs (KOL, 24 Aug 2005).

On 24 September, the date of French annexation in 1853, the Mwâ Kâ (a twelve-meter-high totem pole first sculpted for the 150th anniversary in 2003) was honored again in its now-permanent setting across from the Territorial Museum in Noumea. Modeled after designs on the center post of a traditional chiefly house, each of its eight symbols was carved by a sculptor from one of the Kanak cultural-linguistic regions. RPCR Mayor Jean Lèques had first banned the Mwâ Kâ from the main square of Noumea, whereupon RPCR leader Jacques Lafleur had had it placed on the grounds of the Southern Province headquarters until he changed his mind last year. The Mwâ Kâ was then placed in a huge concrete canoe in its current location, making it into a mast, and this year a tall, elderly paddler was added, along with a garden of native plants. As Kanak sculptor Narcisse Decoire explained, “The Mwâ Kâ is a sign of our custom, it’s the link between the people of the mountains and the people of the sea . . . the old man, the paddler, in the canoe will show that after 150 years, the Kanak people are still here” (RAN, 18 July 2005). At the 24 September ceremony attended by several thousand people, organizer George Mandaoué of the Customary Senate added, “The Kanak don’t want to take possession of the city but rather

erect the center post of a chiefly house in which all the communities of the territory have their place.” The Mwâ Kâ has become, therefore, a symbol to many of the common destiny idea, despite Lèques’s sarcastic comment that differences are not erased by magic (he would receive the French Legion of Honor a few weeks later for his twenty years as mayor). AE cabinet minister Didier Leroux asked, “Are we ready? Have we vanquished our fears, overcome our wounds?” He shared with Déwé Gorodey, Kanak vice president of the government, the sentiment that the Mwâ Kâ represented all citizens of the country during a time of transition and reconciliation. Some other settlers and metropolitan French complained about using only Kanak symbols to represent their common destiny, while some Kanak said a “national” Mwâ Kâ was untraditional (NC, 23 Sept, 26 Sept 2005).

Such mixed feelings, despite so many good intentions, typify the ongoing struggle to build a nation in a multiethnic country whose majority still opposes independence. The year began with a political debate over whether the AE should be allowed to participate in the usual follow-up meeting to ensure the implementation of the Noumea Accord, since the AE had not existed when the accord was signed by the RPCR and FLNKS and many of its members had in fact voted against it. Opposition came mainly from Lafleur and the RPCR, because the AE is composed largely of dissidents from that former ruling party. A compromise allowed the AE, which now rules the populous South and leads the territorial Congress and

governing cabinet, to participate, in honor of what Southern Province President Philippe Gomès called “electoral reality” (PIR, 12 Jan 2005). Two key issues for the pro-independence parties were the “frozen” electorate (only those resident in the country in 1998, the year of the Noumea Accord, and their descendents should be able to vote on issues affecting sovereignty), which is also tied to the notion of creating a local citizenship and protecting local employment in hiring; and renewing French-funded development contracts to promote “re-balancing” between the wealthy South and the two Kanak-ruled provinces, especially to enable the North to build a nickel-processing plant. The FLNKS envisions future independence, though Palika-UNI and the UC differ in their degrees of satisfaction over progress under the Noumea Accord, mainly because Palika controls the Northern Province. Meanwhile, the RPCR supports a “sliding” electorate that would allow any resident of ten years or more to vote in provincial elections, while the AE did not have a strong position on that issue but agreed with the others that French money should keep flowing into local development projects (NC, 17 Jan 2005).

French Overseas Minister Brigitte Girardin urged the parties to overcome their divisions to ensure continuing progress, but she also pointed out that the RPCR (which is affiliated with her boss President Jacques Chirac’s own party) retains all three of the country’s seats in the French Parliament and therefore has to be respected as “the primary political force in New Caledonia” (NC, 21 Jan

2005). The restriction of the electorate implied in the Noumea Accord was approved by the European Court of Human Rights in mid-January, which was a bitter disappointment for both the local branch of the National Front (which holds four seats in Congress) and a Movement for France composed of metropolitan immigrants who resent being treated like “second-class citizens” (NC, 13 Jan 2005). The pro-independence parties were elated by the European Court’s decision, but Rock Wamytan, who had signed the Noumea Accord for the FLNKS in 1998, was disappointed when Girardin said that a new law proposal would have to be ironed out for the French Parliament to vote on late in 2005 or early 2006. She also said that President Chirac had promised to clear up the dispute before the end of his final term in office, which Wamytan interpreted as an additional delay, since the next presidential elections will be in 2009. He also complained that local hiring for jobs was not yet protected in the face of massive immigration aided by French State subsidies for metropolitan airline tickets (PIR commentary, 27 Oct 2005). Girardin agreed, however, to extend the 2000–2004 aid contracts through 2005 and to proceed with developing new ones for 2006–2010, to continue to study the feasibility of introducing the euro currency to the French Pacific, to help the nickel-processing plant projects in the North and South, and to continue to transfer self-governing powers to New Caledonia (KOL, 20 Jan 2005). In May, only one third of local voters cast their ballots on the new European constitution, which Chirac and the RPCR cam-

paigned hard for: 78 percent voted yes, but to no avail, as 55 percent of French voters rejected it (NC, 31 May 2005; PIR, 6 June 2005). Pro-independence parties abstained (KOL, 8 May 2005).

The biggest political story of the year was the decline of Lafleur within the very party he had founded almost thirty years ago, in 1977. In January, he decided to pass on the party’s leadership to Pierre Frogier, the other RPCR deputy to the French Parliament. Like Charles de Gaulle, Lafleur has repeatedly threatened to retire whenever getting his own way was in doubt, and agreed to stay on after his supporters begged him to remain. After the May 2004 elections, when the RPCR lost key seats to the AE, he had resigned from his presidency of the South and also his seat in Congress, while retaining his post of deputy to Paris (TP, 18 Jan 2005). At first he had also urged Frogier to resign from the new territorial cabinet and was angry when he refused, but later recanted, saying that he hoped Frogier would plan another thirty years ahead for the RPCR. Frogier remained active in the opposition in the South and Congress, saying, “It is definitely impossible to work in consensus and confidence with the new [AE] team in power” (NC, 19 Jan 2005). By May, he said in an interview with *Les Nouvelles-Calédoniennes* that the RPCR would continue to fight for a special Caledonian identity “rooted in the Pacific but without distancing itself from France [and] which does not exclude those who have chosen to live here, because there is room for everyone.” The RPCR would choose a new president, by

secret ballot, and its members, not Lafleur, would decide who would replace its founder as candidate for deputy in 2007 (NC, 2 May 2005). Lafleur suddenly talked of “treasons and plots” in the party (NC, 5 May 2005) and presented himself as a candidate again for its presidency in June, since he had really expected to share leadership with Frogier, of whom he boasted, “I know him perfectly well, I made him” (NC, 4 June 2005). He said he would close down the weekly party paper *Les Nouvelles-Hebdomadaire* because it was too supportive of Frogier (PIR, 7 June 2005). At the RPCR congress in July, Frogier won the presidency with more than three-quarters of the ballots, and Lafleur left for Australia (RAN, 6 July 2005). He finally resigned from the RPCR in December, calling Frogier’s team “totally inept” (NC, 29 Dec 2005), and he lost a lawsuit for threatening a local publisher by phone in May 2004 (NC, 17 Sept 2005).

Meanwhile, the AE, which is affiliated with the metropolitan Union Démocratique Français (UDF), a major rival of Chirac’s party, welcomed a visit in February by the UDF President François Bayrou, who called for more “transparency” in French overseas policy (NC, 10 Feb 2005). In May, the AE held two days of discussions among its supporters and the public over contentious issues such as the Goro/Prony nickel project in the South; developing more programs for young people to fight unemployment and delinquency; diversifying air service for tourism, teaching Kanak languages in schools (since studies showed it helped young Kanak succeed in other subjects as well);

improving the financial viability of social programs; building more affordable housing; and protecting the environment (NC, 2 May 2005). In July, Harold Martin, a former RPCR politician who had defied Lafleur’s authoritarian leadership and joined the AE, was reelected Speaker of the Congress with 22 out of 54 ballots after three rounds of voting. He touted the success of the AE in garnering case-by-case support on issues and in enhancing New Caledonia’s role in the region; his top priorities were expanding local employment opportunities and affordable housing and lowering middle-class taxes (PIR, 28 July 2005). At its November congress, the AE agreed to pursue the last idea further, to promote local citizenship as complementary to French citizenship (not an eventual replacement for it, as the pro-independence parties wanted), and to reduce dependency on French State aid. Martin was reelected president of the AE, receiving 93 percent of the votes as the sole candidate (NC, 7 Nov 2005).

François Baroin replaced Girardin as French Overseas minister in June, after serving Chirac faithfully in several capacities (NC, 4 June 2005), and in September, Michel Mathieu moved over from French Polynesia to be French high commissioner in New Caledonia, replacing Daniel Constantin (NC, 9 Sept 2005). More importantly, French money kept rolling in. One subsidy that drew objections from the pro-independence parties was “aid to territorial continuity,” meaning cheaper airline tickets for metropolitan French who wanted to fly home for vacation. Such aid, however, was reserved for Caledonians of

lower income levels and of at least ten years residence and their children. Constantin, among others, argued that such aid should be available to all French people in New Caledonia, to counter “anti-metropolitan racism,” and Leroux agreed that it should help all residents “to discover France” (NC, 7 May 2005; KOL, 12 Aug 2005). France will also continue its development aid for 2006–2010, especially for affordable housing and local infrastructure, having paid New Caledonia over US\$2 billion the previous year. In 2004, French aid accounted for one-fourth of New Caledonia’s gross domestic product (PIR, 24 Aug 2005; NC, 17 Aug, 31 Aug, 6 Sept 2005). As for local taxes, the property tax was lower than in France but remained important for the territorial government (Kanak tribal reserves are exempt because they are communally owned), and the income tax passed in 1982 (under the Tjibaou government) was adjusted to lighten the load for the middle classes, the main base of support for the AE (NC, 31 Aug, 29 Dec 2005). At the end of 2005, the Congress approved a US\$1 billion budget for 2006, thanks to votes from the AE, UC, and some National Front members (PIR, 28 Dec 2005). In the South Pacific, New Caledonia’s per capita income is second only to Australia’s. On the other hand, its inflation was the highest in a decade in 2005, at 2.6 percent (NC, 12 Jan 2006).

In June, the results of a controversial population census, which Chirac said could not include ethnicity, came out: about 230,000 inhabitants, despite a UC boycott that reduced the total by perhaps 10 percent. The

wealthy, multiethnic South had 165,000 people, or 71 percent of the total population; the North 44,000, or 19 percent; and the Islands Province 22,000, or 10 percent. Noumea, the capital, has grown by 20 percent in less than a decade to 91,000 (PIR, 16 June 2005; NC, 15 June 2005). With only about one-third of the population living in Kanak-governed areas, and those Kanak living in Noumea continuing to maintain residence and vote in the North and Islands provinces, the South’s loyalist domination, and thus the territory’s, is likely to continue. The FLNKS has no seats in the Southern Provincial Assembly, yet in the Southern primary schools, a new pamphlet on citizenship promoting “living together” is being used (NC, 26 Oct 2005). The South is also investing heavily in affordable housing to defuse the growing squatter-camp time bomb, as shown by a riot in March between 200 young partygoers and police in the so-called “Coca-Cola squat” in Montravel (NC, 7 March, 8 March, 9 March 2005; PIR, 8 March 2005). Memories of the Kanak–Wallisian confrontations in St Louis, which forced the government to relocate the Polynesians, are still fresh in people’s minds, and the turmoil in Wallis and Futuna between chiefly families spilled over into New Caledonia in September (PIR, 23 Sept 2005; NC, 23 Sept 2005).

In foreign affairs, the country nurtured its relationship with the Pacific Forum, in which it has observer status. New Caledonia has sought improved trade relations since President Marie-Noëlle Thémereau (of the AE) and her delegation

attended the Forum summit the previous August. Her government is seriously considering joining the Pacific Island Countries Trade Agreement (PICTA) and working with the Pacific Agreement on Closer Economic Relations (PACER), since several Forum members, notably Fiji, have shown interest in exporting to the French Pacific market, where the income levels (and prices) are higher than in most neighboring countries (PIR, 19 Jan 2005). In July, a Forum delegation visited New Caledonia to see how progress was going under the Noumea Accord. The Forum is considering creating a new "associate" membership category to help non-sovereign countries participate more fully. Thémereau concluded afterwards that "they wish us to become part of the Pacific family" (PIR, 27 July 2005). The associate membership idea was approved before the French Pacific observer delegations attended the summit in Port Moresby in October (PIR, 25 Oct 2005). Thémereau and New Zealand Foreign Affairs Minister Phil Goff also exchanged visits, discussing not only ongoing trade, as New Zealand exports goods worth NZ\$290 million a year to New Caledonia, but also tourism and educational exchanges, and Thémereau showed interest in New Zealand's social programs and teaching of indigenous languages (PIR, 29 March 2005; NC, 31 March 2005; KOL, 5 July 2005). Australia is also a major exporter of goods to New Caledonia, worth A\$205 million annually, and significant tourism and investment link the two countries (NC, 20 Sept 2005). New Caledonia also nurtured relations with Vanuatu, with whom it

is negotiating their maritime borders; hundreds of ni-Vanuatu enter New Caledonia every year as contract workers or students, and two Caledonian government ministers visited Santo in May (PIR, 28 Jan, 6 May 2005; NC, 31 Aug 2005).

Independence supporters were not pleased, however, that when Goff and the eighty people in his delegation arrived in New Caledonia, no one from the Customary Senate participated in the welcoming ceremony (KOL, 31 March 2005). Worse, when a Tahitian government minister addressed a visiting Caledonian trade delegation in Papeete in October as being from "Kanak," the Caledonians walked out of the meeting in protest (PIR, 3 Oct 2005). Kanak leaders repeatedly ask the United Nations to help them decolonize, as when Manadoué, a former president of the Customary Senate, attended a UN meeting in Brisbane in August and complained that the United Nations cannot help his people unless France invites it to do so: "I wish the UN did have the power to not only investigate and report but to actually enforce its findings when a member state is violating the rights of people who live within their territories" (PIR, 18 Aug 2005). Wamytan, who has served as head of the Melanesian Spearhead Group (which recognizes the FLNKS as a member), told the United Nations in October that New Caledonia is still a colony despite the Noumea Accord. France helps immigration to New Caledonia without protecting local employment, and Kanak young people are growing more alienated, without much hope of succeeding in school or getting

decent jobs, without traditional cultural references, without sufficient land or housing in semi-urban areas, without rehabilitation of polluted nickel mining sites, and without control over their destiny because of delays in restricting the electorate. He urged the United Nations to hold its next decolonization seminar in Noumea (PIR commentary, 27 Oct 2005).

Militant labor strikes generated the most drama and headlines during the year, and much of it was as political as it was economic. Not only is New Caledonia the most industrialized country in the South Pacific outside Australia and New Zealand, but many times since the bloody “Events” of the 1980s, labor strikes have shut down significant parts of the local economy in order to pressure the government or powerful companies into making concessions—a kind of “muscular” direct action that is reminiscent of the FLNKS in its heyday and even of Kanak revolts of the nineteenth century. Such strikes often involve marches, rallies, roadblocks, barricades that shut down offices or factories, and other forms of physical or psychological intimidation, which, like guerrilla warfare, can threaten or inconvenience many innocent bystanders. For example, from late December 2004 until early February 2005, the firefighters at Tontouta airport struck for fifty days over issues of overtime pay and details in their statute as public employees. Hundreds of flights were delayed or missed their connections, costing the carriers and the government millions of francs, while strikers still got paid for emergency duty (NC, 15 Jan, 10 Feb 2005).

Most other strikes were more political in nature, especially concerning the protection of local hiring, which elected officials have still not enacted into law seven years after the Noumea Accord. As Rosine Streeter of the Syndicat Liberté Unité Action (SLUA) argued, “It is thanks to the unions that Caledonia evolves” (KOL, 12 Jan 2006). In February, the Syndicat des Ouvriers et Employés de la Nouvelle-Calédonie (SOENC) stopped all flights to the outer islands, both for residents and tourists, because the domestic carrier Air Calédonie hired a metropolitan Frenchman as its technical director on a contract of undetermined duration. After negotiations, the union won the concession that the new director would train a local replacement as soon as possible (NC, 2 Feb 2005). In April, the Union Syndicale des Travailleurs Kanak et Exploités (USTKE) and the Federation of Civil Servants shut down the municipal government in Thio because it had hired a metropolitan Frenchman as secretary-general, and SLUA did so in Pouvoua for the same reason.

In a letter to the French high commissioner USTKE wrote, “The country must build itself with people from the country,” and Streeter said, “The current adjunct secretary-general is a young man from Pouvoua. Why was this job not given to him?” Emmanuel Daye, the Kanak mayor of Pouvoua, answered that the locals who applied were not qualified enough, and the adjunct needed more training himself. But the Frenchman who was hired resigned after a week, calling himself a victim of politics. High Commissioner Constantin called such strike actions “a form of racism,” but SLUA

threatened to continue the shutdown if Daye's threat to punish the strikers was carried out (NC, 23 April, 27 April, 28 April 2005). In Thio, the strike caused dissension among pro-independence parties on the municipal council, as Palika and the UC refused to support Mayor Albert Moindou of the Union Progressiste Mélanésienne (UPM), so the mayor called for new elections (NC, 10 April, 13 April, 12 May 2005). Alan Song, the territorial minister of public services, called such strike actions "a little premature," because, like other "laws of the country," a proposed law on local hiring still had to be presented to the French Council of State for approval before the local Congress could vote on it. Meanwhile, he said, the quality of technical personnel in territorial or municipal government should not be sacrificed before enough Caledonians were trained to replace metropolitans (NC, 22 April 2005). In November, the Council of State rejected the discriminatory wording of the proposed new law, so Song's team had to prepare a new version, which he said would reserve over 90 percent of territorial government jobs for locals by creating two tracks in the civil service examination (NC, 6 Jan 2006). In May, USTKE called a twenty-four-hour general strike in support of local hiring and led a 3,000-person march in Noumea. Gerard Jodar, its president, said, "USTKE has been struggling for the defense of local employment preference since the 1980s. Since then several agreements have been signed, including the Noumea Accord, recognizing a number of work-related principles, but we are still to see the effects of these. . . . This country's

companies have to start training locals, this would go a long way toward balancing tomorrow's society" (PIR, 23 May 2005). Song proposed new legal criteria for government recognition of labor unions, based on a minimum vote by at least 5 percent of the personnel in elections for union leaders, in priority over previous rules based on number of members, independence of leadership, dues paid, experience, and longevity (which now would be two years minimum). His plan would cancel the "representativity" of five out of ten labor unions in the country (NC, 24 Aug 2005). In November, three territorial civil servants unions went on strike, as 1,500 marchers protested against proposed reforms in their benefits package, which Song said was deeply in the red (NC, 3-4 Nov 2005).

Three other major strike actions affected the nickel industry, namely the Société Le Nickel (SLN) plant at Doniambo, the proposed INCO of Canada project at Goro/Prony in the South, and the proposed Falconbridge of Canada project at Koniambo in the North. The SLN has dominated nickel mining in New Caledonia for over a century, and when its Director-General Philippe Vecten was promoted in March to director of strategy for Eramet, the SLN parent holding company, he noted that the SLN was "in a phase of very important investments," notably the expansion of production at its Doniambo processing plant outside Noumea to 75,000 metric tons a year and of its mine at Tiebaghi, which would get a new enrichment plant. He also voiced the often-heard opinion that if the proposed processing plant in the North at Koniambo is

not built by Falconbridge, as planned by the provincial government, the SLN would resume ownership of the site and build a plant of its own there. For that reason, Eramet had requested a second feasibility study of Koniambo, since Falconbridge was running up against a deadline set by the Accord of Bercy in 1998 (NC, 29 March, 12 April 2005).

The nemesis of the SLN in 2005 was Sylvain Nea, a veteran union leader who wanted to establish his new *Confédération Syndicale des Travailleurs de Nouvelle-Calédonie* (CSTNC) in the nickel industry, among other sectors. In September, he blockaded the labor-troubled Surf Hotel, forcing its owners to close down and relocate clients, and arousing the ire of *Union Syndicale des Ouvriers et Employés de la Nouvelle-Calédonie* (USOENC), which regarded the hotel as its turf (NC, 12 Sept 2005). That same month, five CSTNC agents blocked access to the electrical power grid of the Doniambo plant, claiming that it needed new safety measures because workers had had electrical accidents; the SLN denied the area was unsafe, but some workers told their story of dangers to the local press. Perhaps it was not a coincidence that elections for union leaders were coming up? Nea continued his blockade and expanded it to the docks at Thio and Kouaoua, key sources of nickel ore for Doniambo, causing the SLN to warn of layoffs and shutting down furnaces, and provoking a demonstration by SOENC, the second largest union at Doniambo (NC, 7 Oct, 13–14 Oct 2005). The government labor board authorized the firing of two CSTNC workers at

the Surf and two more at the SLN, to prevent what it called “kamikaze operations” (NC, 18 Oct 2005), but Nea’s union won 18 out of 26 union posts in the SLN workers’ board election, gaining majorities in four interior mining sites, while Didier Guenant-Jeanson’s SOENC (a member of USOENC) held a 4 to 3 edge in the Doniambo plant and condemned CSTNC “illegal” tactics.

Nea announced a protest march in support of his activists threatened with firing (NC, 22 Oct 2005), and in November, he organized an “unlimited strike” on their behalf, despite pleas by the government for a negotiated agreement, creating roadblocks along the access roads to Doniambo that caused what the press called “monstrous” traffic bottlenecks in greater Noumea. The CSTNC also shut down bread bakeries and hindered garbage collection (NC, 14–15 Nov 2005). A court ordered the union to lift its blockades, to no avail, and the SLN warned that it had only ten more days of ore supplies (PIR, 16 Nov 2005). SLN Director of Human Resources Andre Moulin proposed firing the two CSTNC workers in question and relocating them to other operations, so Nea’s men roughed him up, threw him out of his own office, and damaged his car. “We are in the right and rules must be the same for everyone,” Nea told the press. “There is nothing to make a fuss about.” USOENC disagreed, as did the employers association, which sided with the SLN (NC, 17 Nov 2005). Nea insisted that his workers be reinstated without conditions and set up more roadblocks in the center of Noumea, but the territorial cabinet

confirmed the firings, with four votes from the AE, Palika, and UC ministers. The three RPCR ministers abstained, revealingly, considering that in November 2000 Lafleur had rewarded Nea's wildcat strikers (then of SOENC) with big pay increases after they challenged a laboriously negotiated social pact among unions and employers (NC, 18 Nov 2005). The AE accused the RPCR of complicity, claiming that Jean-Claude Briault informed Pierre Maresca of what the cabinet was discussing, who then told Nea. Maresca retorted that provincial President Gomès was a "usurper" and warned the AE, "You control nothing." The AE government hesitated to use force for fear that CSTNC would call in mining transporters to besiege Noumea (NC, 19 Nov 2005). The SLN, losing money fast, offered to reintegrate the two workers, but only in late 2007—an offer that Nea rejected, demanding the first day in 2006 instead. Noumea was inundated with marches by employers, SOENC, and the CSTNC, until French Interior Minister Nicolas Sarkozy told the high commissioner to use troops (NC, 22–30 Nov 2005). In early December, French Mobile Guards liberated gas stations and the main highways, but Nea redirected his strikers to shut down four banks in Noumea, while sympathizers in the St Louis tribe set up their own roadblock. "We will not lower our arms," Nea vowed (NC, 1–2 Dec 2005). The SLN finally agreed to reintegrate the two workers in late February 2006, but they would be relocated to another mining site after more training. Nea himself had to stand trial (NC, 3 Dec, 8 Dec 2005).

The INCO nickel plant project at

Goro had been halted in 2002 after massive protests by environmentalists, Kanak customary leaders, and supporters of local employment (Horowitz 2004), but the new AE government encouraged INCO to start up again. France also granted INCO US\$500 million in tax breaks for 2004, and it decreased its own share of the capital ownership slightly in order to increase New Caledonia's share to 10 percent. In early 2005, INCO planned to allow Japanese firms (Sumitomo and Mitsui) to buy a 21 percent share in the project, since Japan buys most of the territory's processed nickel, and it agreed to award US\$40 million in contracts to local companies in the construction (PIR, 5 Jan 2005; NC, 15 Jan 2005). But Raphaël Mapou's Yate-based Rhéébù Nùù committee, backed by the FLNKS, voiced concerns about pollution of local waters and blocked the site in February. Gomès had the police reopen the site at the request of the Kanak customary leaders in Djubea. Mapou and Andre Vama of Rhéébù Nùù were convicted of illegal acts and received suspended sentences with fines (KOL, 7 Feb 2005; NC, 5 Feb, 11 May 2005). At his trial, Mapou argued that the barricade was a last resort, after efforts to negotiate for an independent assessment of the environmental impact of using chemicals like sulfuric acid and of dumping manganese into local waters were rejected by INCO. The government countered that the Southern Province had already promised to monitor the pollution issue closely, and the area's customary leaders had approved the project (KOL, 13 April 2005; NC, 3 Feb 2005; TP, 15 Feb 2005). Yet in May,

the South finally agreed to have a nongovernmental environmental impact study done on Goro, since Rhéébù Nùù had shown that the effluent would contain 100 times more pollution than European Union standards authorized. INCO CEO Scott Hand said he hoped to avoid having to build an additional furnace to dispose of the manganese runoff, since it would pollute the atmosphere! (NC, 3 May 2005).

In July a coalition of unions, customary leaders, environmental groups, and politicians supported a demand from Rhéébù Nùù that INCO cease to seek exemptions from taxation and environmental standards, and Gomès voiced concern that INCO was not heeding the recommendations made by the Southern Province. Even High Commissioner Constantin said, “INCO is lying to everybody” (KOL, 11 July 2005). INCO wanted to require workers to put in sixty hours a week during the construction phase, and to hire 4,000 foreign workers, mostly Filipino (NC, 21 Aug 2005; PIR, 7 Sept 2005). By November, a Noumea court voided an INCO permit to research the Prony nickel deposit near Goro, something that the Lafleur government had done in defiance of an earlier court annulment. The new government objected to “giving away” such a valuable ore vein without proper consultation (NC, 14 Oct 2005; PIR, 22 Nov 2005). INCO did not escape the year without another blockade in December, this time by USTKE and Mapou’s new Caugern (Indigenous Committee to Manage Natural Resources), to put pressure on France to give its final approval to the Falconbridge project

in the North. All access roads and the port were closed, so that INCO had to relocate its personnel from Goro to Noumea (NC, 14–15 Dec 2005). The police finally liberated the site again and put two arsonists in prison (NC, 16 Dec, 23 Dec, 28 Dec 2005). INCO announced that in January 2006 the first Filipino “specialists” would arrive to begin constructing the Goro nickel plant (NC, 22 Dec 2005).

The Northern Province nickel plant has been talked about for over thirty years in New Caledonia, but it took on new importance after the Matignon Accord of 1988 promised efforts to rebalance the local economy so that Noumea did not control all the wealth. In the Bercy Accord of 1998, France agreed to let Falconbridge work with the Northern Province government (which would retain 51 percent ownership, unlike the South’s tiny share of Goro) to develop a nickel processing plant. The accord also said the Société Minérale Sud Pacifique (SMSP), which Lafleur had sold to the North, could acquire the title to the Koniambo mining site from the SLN, in exchange for the smaller vein at Poum and additional compensation, so long as Falconbridge made its final decision, after initial research, by the end of 2005. In February, Falconbridge announced it needed another eleven months to decide because of rising costs, but Paul Neaoutyine, president of the North, assured his government, “The Northern factory, it’s no longer a project, it’s a reality” (NC, 12 Feb, 4 Feb 2005). Andre Dang, SMSP president, announced cost-cutting economies such as postponing the hydroelectric dam at Pouembout in order to finance

the Northern plant, showing how important it was to Kanak aspirations for providing job opportunities for young people and “national” income for independence (NC, 11 Feb 2005; Horowitz 2004). The North even hired archeologists to make sure the construction would not destroy ancient artifacts, since it took pride in the site where Lapita pottery was first found and wanted to make it a tourist attraction (NC, 30 March 2005).

In late March, however, USTKE organized a demonstration in Noumea against recent developments in the two new nickel plant projects. It protested against what it said was a campaign by the SLN to get Koniambo back by claiming that Falconbridge had failed to deliver, and against the lack of an independent environmental study of the Goro project (TP, 31 March 2005). In June, the North announced that one of the two conditions in the Bercy Accord had been fulfilled, that a feasibility study had proven the project bankable; the second condition remained, that the North commit US\$100 million by the end of 2005. In July, Overseas Minister Baroin confirmed that France had made the project a top priority by approving tax rebates of US\$620 million for construction of a power station. Falconbridge predicted a total cost of US\$2.3 billion to create the nickel-processing plant, port, and increased mining output at Koniambo, while the South hoped to have Goro fully operational by 2007 for US\$1.8 billion (NC, 9 June 2005; PIR, 20 July 2005). A new complication arose in October, as INCO offered to improve the “synergy” of both projects by buying Falconbridge, thereby creating

the largest nickel company in the world, but the US government threatened an antitrust investigation, since both firms listed their stocks on Wall Street, so the offer was postponed for sixty days, even though the pressure was building for Falconbridge to make its final decision (KOL, 12 Oct 2005; NC, 13 Oct, 22 Nov 2005; PIR, 16 Nov 2005). In late November, USTKE organized a general strike to protest a condition that the French State wanted to impose on the Koniambo deal, namely that if it ran into financial difficulty, the State would confiscate 98 percent of SMSP’s dividends—a clause that banks refused to risk underwriting. “We are going to war, and I am weighing my words,” vowed Jodar (NC, 24–25 Nov 2005).

France gave an ultimatum to Falconbridge to take it or leave it, so Falconbridge considered bypassing the State and financing the project by itself, with the Northern Province borrowing its share from Falconbridge and repaying it with most of the province’s dividends over many years. Falconbridge said that the SLN was lobbying the State strongly in order to regain Koniambo; yet it also admitted that if it merged with INCO, Goro would be built first (NC, 26 Nov, 2 Dec 2005). In December, 1,500 protesters demonstrated in Noumea against what they regarded as the French bid to undermine the Northern plant (RNZI, 11 Dec 2005), and Falconbridge decided to bypass the State, with the approval of Neaoutyine, a leader of Palika-UNI (NC, 12 Dec, 15 Dec 2005). USTKE, however, was less optimistic and maintained the pressure. Jodar warned that the new arrangement

would indebt the Northern Province for a long period, in an age when multinationals use debt to keep small countries under their control while they loot their resources. USTKE camped out in front of the French High Commission and coordinated with other unions and protest groups to blockade Goro, strike at Tontouta Airport, and slow down trash pickups and gas distributions, while opponents erected their own roadblocks in counter-protest (NC, 15 Dec, 17 Dec 2005). On 24 December, the SMSP decided to construct the Northern nickel plant with Falconbridge, who would completely finance the project with help from the SMSP dividends, while the State approved SMSP acquisition of title to Koniambo. The SLN would receive title to Poum, but only after Eramet had lost its court battle to retain Koniambo. It remained to be seen if INCO would buy Falconbridge (NC, 24 Dec, 27 Dec, 28 Dec 2005). Louis Kotra Uregei, former USTKE president, argued that it was his union's pressure that forced France to assure Jodar that it would support the Northern plant's construction by SMSP and Falconbridge, including key financial contributions and guarantees. Neaoutyine, Uregei said, had his own vision of how to solicit from France what Kanaky wanted (KOL, 7 Jan 2006). The North likes to negotiate patiently but relentlessly, while the unions keep up the pressure.

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PAPUA NEW GUINEA

Papua New Guinea solidified its position in the region in 2005 by hosting the Melanesian Spearhead Group meeting in Goroka as well as the Pacific Islands Forum in Port Moresby. Both of these meetings were held in the month of October. Despite its reputation as one of the most dangerous countries to visit, many regional leaders were impressed by the beauty of Papua New Guinea and its people.

More significantly, Papua New Guinea celebrated thirty years of independence as a sovereign state. Many commentators noted that this journey has not always been pleasant, mainly due to the declining state of the economy, infrastructure, and the provision of basic services such as health and education. However, Papua New Guinea stands out as one of the few former colonies that have managed to maintain democracy. There have been

a few challenges to democratic rule in Papua New Guinea but constitutional rule has always triumphed in the end. This is particularly notable given the social and cultural diversity of the country.

Papua New Guinea has developed a political culture of surprise and unpredictability. The year began with the idea of a grand coalition proposed by Prime Minister Sir Michael Somare. On the 31 December 2005 "Year in Review" program on EM TV news (Papua New Guinea's national television service), Somare announced that his party, the National Alliance (NA), would go into a grand coalition with the Peoples National Congress (PNC), a party founded by Bill Skate but later led by Peter O'Neil. The proposal emerged from the events of 2004, when the parliamentary system fell into chaos as a result of members of Parliament testing the new Organic Law on Integrity of Political Parties and Candidates.

Somare's grand coalition idea did not go down well with members of his own party. Don Polye, the deputy leader of the National Alliance–Highlands Region, argued strongly that taking the Peoples National Congress on board would further weaken the Opposition, and that the current ministers were performing exceptionally well. A veteran of thirty years in politics, Somare knew that his grand coalition was unlikely to happen, like similar initiatives that had foundered in the past.

Three deputy prime ministers had been dumped in 2004, and by April 2005 no new appointment had been made. MP Luther Wenge, the governor of Morobe Province, criticized

Somare in Parliament for not acting on this (*PNG Post-Courier*, 21 April 2005). At the end of May, Wenge asked the court to declare that Somare was constitutionally bound to appoint a deputy to fill the position, which had been vacant for twelve months (*PNG Post-Courier*, 30 May 2005).

In February 2005, Sir Bill Skate (who died in January 2006 after suffering heart failure) decided to leave the Peoples National Congress he had founded, and join the middle benches to support the government on its initiatives. Sir Bill stated that the time to play petty politics was over and that he would concentrate on helping his electorate and the government.

A Supreme Court reference was withdrawn by Chief Ombudsman Ila Geno, after he questioned the legality of a five-month adjournment of Parliament (*National*, 22 April 2005). Geno went to court after the government, faced with an imminent vote of no confidence, adjourned Parliament from 21 January to 29 June 2004. Geno argued that the adjournment breached the constitutional requirement that Parliament sit for at least sixty-three days. He withdrew the order after Parliament made up for the days that had been missed. The long adjournment of Parliament is a tactic used by governments to avoid votes of no confidence that have become the norm in Papua New Guinea politics.

In a workshop organized by the Institute of National Affairs on the theme "Understanding Reforms," two national academics, Dr David Kavanamur and Dr Henry Okole, argued that the reforms actually undertaken by successive governments provided

the least benefit to the economy, while the ones promising the greatest benefits were avoided. The academics concluded that election years coincide with budget blowouts because public funds are deliberately channeled to end up in the hands of members of Parliament and political parties. They also pointed out that many politicians abandon reform packages in order to get reelected; that members of coalition governments can force a prime minister to jeopardize reform efforts; that there was often excessive optimism about the expected outcomes of reforms; and that many reform efforts failed to take into account the likelihood of resistance from those negatively affected (*National*, 23 March 2005). Allan Patience, professor of politics at the University of Papua New Guinea (UPNG), argued that there was a long way to go before real reform could take place in Papua New Guinea. Despite efforts to institute reforms, the country has a poor record of economic growth and is ranked very low in global indicators of human development (*National*, 23 March 2005).

In May 2005, the prime minister announced that members of Parliament would receive a pay raise due to increases in the cost of living (*PNG Post-Courier*, 6 May 2005). It has become common for members to receive pay increases every year, while public servants are told that the economy cannot afford raises for them. The pay award would be considered by the Salaries Remuneration Committee, which is chaired by the Speaker of Parliament and includes others who would benefit from the pay raise. Meanwhile, the Women

Doctor's Association started a fund-raising drive to collect 10 million kina to replace the country's only radio-therapy machine capable of detecting cancer, which broke down a decade ago. The government has not committed to assisting this very important cause.

The public service was beset by a number of controversies during the year. The first arose after incumbent Attorney General Francis Damen's contract expired in January 2005, and State Solicitor Isikiel Mesulam was appointed to act in the position. Damen questioned the appointment (*PNG Post-Courier*, 19 Jan, 20 Jan, 21 Jan 2005), contending that proper procedures had not been followed. He also pointed out that Mesulam was under police investigation regarding a videotape allegedly containing pornographic materials. Mesulam was eventually convicted for producing the video, and the appointment of a new attorney general was postponed.

The Foreign Affairs Department also came under fire from politicians for encouraging corruption, especially in its Immigration Division. Two staff members from that division were suspended after one received money for processing illegal working permits for foreigners, and the other was accused of issuing seventy-eight illegal visas (*PNG Post-Courier*, 6 May 2005).

The Public Accounts Committee (PAC) raised questions about the appointment of the auditor general, because the National Executive Council had apparently ignored the PAC recommendation and appointed someone whose name was not even on the shortlist (*National*, 25 Feb 2005). This appointment was also criticized

by Kevin Pamba in his weekly newspaper column. He noted that many of those appointed to senior positions in the public service were from the prime minister's province, East Sepik, resulting in what Pamba termed "the Sepik Tsunami" (*National*, 8 March 2005). A similar avalanche of appointments of people from one part of the country had occurred during the term of Prime Minister Bill Skate.

The Public Accounts Committee also uncovered massive fraud and corruption activity in the Public Curator's office. The committee stated that this office did not maintain proper accounting records for the millions of kina in assets of deceased people for which it was responsible (*National*, 14 April 2005). According to PAC Chairman John Hickey, "We are dealing with a very serious matter of theft, misappropriation, mismanagement and fraud of deceased estates and a thorough investigation needs to be carried out" (*PNG Post-Courier*, 14 April 2005).

In February 2005, the government began preparations for the historic election on Bougainville that would pave the way for a new Autonomous Bougainville Government (ABG). The process began with the review of electoral boundaries in Bougainville supported by the Papua New Guinea Electoral Commission (*National*, 3 Feb 2005). A high-powered bipartisan committee led by Inter-Government Relations Minister Sir Peter Barter held talks with senior members of the Bougainville administration. The issues discussed included Francis Ona's Me'ekamui movement and their "no-go zones"; rehabilitation of district administration centers, roads,

and communication systems; peace and reconciliation; weapons disposal; and the elections (*PNG Post-Courier*, 21 Feb 2005). The committee also met with the South Bougainville Council of Elders. This visit began a close working relationship between the national government and the Bougainville leaders toward the institution of the autonomous government in Bougainville.

In preparation for the election, scheduled to begin on 20 May, work on the common roll started in March. Many of the new enrollments were from the no-go zones, indicating people's willingness to participate in the political process. Ten international observers from the United Nations, the Commonwealth, the Pacific Islands Forum Secretariat, as well as Australia, Japan, and New Zealand were invited to monitor the elections.

Leader of the Opposition Peter O'Neil challenged the idea that Bougainville should get autonomy, claiming that there would be chaos and fragmentation if other provinces were to follow the precedent. O'Neil himself was pushing for the National Capital District to be given the status of a province (*National*, 1 March 2005), and leaders from East New Britain Province were adamant that the arrangement given to Bougainville should also be given to them. Nevertheless, they have pledged total loyalty to the government of Papua New Guinea.

A few months before the elections Francis Ona, who had initiated the crisis in 1988, made public appearances in Arawa and Buka. Ona had been living in the no-go zone for sixteen years and this was the first time

that he had come out of hiding. During his first day in public he reiterated that Bougainville was independent, that there was no need for autonomy and elections, and that Australia was not welcome in Bougainville (*PNG Post-Courier*, 23 March 2005). Governor for Bougainville John Momis expressed regret over Ona's call to remove Australian and Papua New Guinea police from Bougainville, and argued that the people of Bougainville were committed to the peace agreement and wanted the autonomous government election to be held without delay, so that they could deal with the issues of good governance, development, security, and the efficient provision of services (*PNG Post-Courier*, 24 March 2005).

By April, it became clear that John Momis, the longest-serving regional member for Bougainville, would resign his seat in Parliament and contest the elections for the Autonomous Bougainville Government. His principle opponent was Joseph Kabui, who had been the provincial premier when the crisis began. In an emotional atmosphere in Parliament, Prime Minister Sir Michael Somare fought back tears to farewell John Momis after thirty-three years of service. Describing him as a visionary leader who always followed his beliefs, Somare praised Momis for his efforts in shaping the national constitution, and helping him bring democracy to Papua New Guinea. Momis told Parliament that he had always believed that power and decision making should be brought closer to the people.

ABG voting started on Friday, 20 May 2005. The polling was peaceful

and many members of the Me'ekamui faction also took part in the voting. According to the leader of the team of international observers, Ratu Epeli Nai-Lati Kau, the election was well prepared and well conducted. With the wide publicity, the process was credible and those who participated were motivated to vote freely (*National*, 30 May 2005).

On 5 June, Joseph Kabui was declared the duly elected ABG president. Kabui polled 37,928 votes, beating rival Momis, who polled 23,861. Soon after the declaration of the presidential winner, Momis disputed the election results and expressed his desire to seek legal advice. Momis claimed that there had been massive foul play, especially in Central and South Bougainville, where people voted more than once. Also, the number of voters did not correspond with the number of eligible voters on the common roll. However, Momis withdrew his official complaint in July (*National*, 22 July 2005), a move that was welcomed by many on Bougainville.

A chapter in the recent history of Bougainville came to a close on 24 July when Francis Ona, the self-styled leader of the Me'ekamui Republic, died suddenly in his village. Ona's death will eventually result in a new sense of direction for Bougainville. But this will come slowly, and only after his followers realize that the only option is to work with the Autonomous Bougainville Government and President Kabui to bring lasting peace to the island.

Toward the end of the year it was discovered that a number of Fijians, mostly former military officers, were

in Bougainville at the invitation of Noah Musingku, the head of a failed money-making scheme called U-Vis-tract. Apparently Musingku did not trust Bougainvillians and had attempted to recruit individuals from other parts of Papua New Guinea, as well as Fiji and Solomon Islands, for this scheme (*PNG Post-Courier*, 13 Dec 2005). The Fijians were said to be carrying out military exercises at Tonu in the Siwai District, South Bougainville (*PNG Post-Courier*, 9 Dec 2005). At the end of the year efforts continued to expel them.

Papua New Guinea took a further step in cementing its ties with Japan through a high-powered ministerial visit to Japan led by the prime minister and a number of his senior ministers. The prime minister met with Japanese leaders, including politicians, business leaders, and the emperor. During this historic visit, Papua New Guinea expressed its continued support for Japan in international forums. According to Prime Minister Somare, Japan has the market and technology while Papua New Guinea is blessed with the abundant natural resource and agricultural potential to supply the Japanese market. Japan is Papua New Guinea's second largest aid donor, providing some 120 million kina annually.

In March 2005, the government also signed a treaty with the Solomon Islands government to enhance development efforts in the region. The treaty was in line with the long-term objective to assist Solomon Islands and to strengthen shared "Melanesian principles." Papua New Guinea also established closer ties with Fiji through trade promotion between the

two countries. Fiji's foreign affairs and external trade minister described Papua New Guinea as a "Pacific Tiger" in terms of trade and economic development (*PNG Post-Courier*, 16 March 2005).

Diplomatic relations between Australia and Papua New Guinea hit bottom when Prime Minister Sir Michael Somare was searched by security personnel at the Brisbane airport. Somare was on his way back to the country after a meeting in Auckland with leaders from other Pacific countries. On his return to Papua New Guinea, Somare expressed concern about the treatment he received, and there were numerous public protests in Port Moresby and Lae. A petition was delivered to the Australian High Commission in Port Moresby, and High Commissioner Michael Potts was summoned to the Foreign Affairs Department (*National*, 30 March 2005). However, the Australian government refused to make an official apology, stating that this was a routine check. In response, the PNG government cancelled a high-level meeting between the two countries on an aid package to Papua New Guinea.

Despite calls by members of Parliament such as Luther Wenge to sever relations, the Australian government allocated an estimated A\$492 million (1.247 billion kina) to Papua New Guinea as official development assistance for 2005–2006. Aid for Papua New Guinea and Solomon Islands comes under a new Australian government policy known as the "fragile states" initiative, which seeks to consolidate aid, security, economic, and political aspects of the relationship.

Australian Foreign Affairs Minister Alexander Downer said Papua New Guinea and Solomon Islands demonstrated the problems facing “fragile states”—a shift from the “failed state” label Australian politicians, journalists, and analysts have often used to describe the two countries (*PNG Post-Courier*, 12 May 2005).

A new era of cooperation between Papua New Guinea and Australia resulted in the implementation of the Enhancement Cooperation Program (ECP), an aid package of 2 billion kina (A\$800 million), fully funded by the Australian government. An important aspect of this program was the utilization of Australian police officers to work alongside their PNG counterparts. This program was welcomed by the residents of Port Moresby, who for the first time saw Australian Federal Police (AFP) officers patrolling the streets with their PNG counterparts. The police minister urged PNG police officers to work closely with the Australian police. Despite the deployment of the Australian assisting police in Port Moresby, crimes such as armed robbery, car theft, and assault continued to increase in the city (*National*, 7 April 2005). The increase in these crimes is attributed to the fact people feel that they will be treated more nicely when arrested by the Australian assisting police than by Papua New Guinean police officers.

By April there were signs of discontent with the assistance package among Papua New Guinea police officers. AID Watch, an activist group monitoring Australian overseas aid and trade policies, reported that a very small portion of the ECP money would actually be used to combat law

and order problems in the country (*PNG Post-Courier*, 28 April 2005). According to the group, of the A\$800 million (2 billion kina) funding, the amount for salaries and accommodations for the Australian Federal Police was A\$339.8 million (871.28 million kina), while A\$394.59 million (1 billion kina) was for AFP logistics and operational costs. The report revealed that the Australian Federal Police would spend A\$734.41 million (1.9 billion kina) on themselves, while technical assistance for the Royal Papua New Guinea Constabulary amounted to only A\$55.7 million (143 million kina) (*PNG Post-Courier*, 28 April 2005). This information led to a series of meetings held by police officers in Port Moresby. The differences in the working conditions of local police officers and their AFP counterparts also came under fire in Parliament. Members of Parliament pointed out that Australian and local officers might clash (*PNG Post-Courier*, 29 April 2005).

In another major blow to the program, PNG security officers accused the Australian assisting police of conducting surveillance and intelligence gathering on Papua New Guinea under the guise of the Enhancement Cooperation Program (*National*, 29 April 2005). They also claimed that the Australian police had installed a satellite link at the operation room at the Boroko Police Station without the approval of the police commissioner.

In early May, following a meeting attended by 300 police officers, an ultimatum was given to the police commissioner to remove the Australian assisting police from the country. Responding to the ultimatum, the

prime minister called for a review to ensure that the ECP policing component was working effectively (*National*, 9 May 2005). However, the AFP review had to wait, pending the legal challenge to the Enhancement Cooperation Program in the Supreme Court instituted by the outspoken Luther Wenge.

On 13 May the Supreme Court handed down a landmark decision when it ruled that the use of the Australian assisting police in Papua New Guinea was unconstitutional (*PNG Post-Courier*, 16 May 2005). A five-judge decision led by Chief Justice Sir Mari Kapi ruled unanimously that key sections of the ECP Act relating to the immunity for designated/related persons were unconstitutional. The ruling meant that the officers had to stand down until the two governments made other arrangements.

Many inside and outside observers were dismayed by the decision. Sir Rabbie Namaliu indicated that the government would make the necessary changes. The Australian foreign affairs minister expressed his disappointment, but said he would sit with the PNG government and work out what could be done next. Minister for Internal Security Bire Kimisopa, who was behind Australia's Enhancement Cooperation Program from the very beginning, also expressed his disappointment. Accepting the decision of the court, the minister stated that both governments have to go back to the drawing board. UPNG Professor Allan Patience argued that the decision would rock the very foundations of PNG–Australia relations and that the damage could be irreparable (*PNG Post-Courier*, 16 May 2005).

Despite the removal of Australian police officers from the country, other aspects of the Enhancement Cooperation Program remained in place. Some Australians were not affected by the court ruling and continued to work in various government departments (*National*, 20 May 2005).

The discussion of a new ECP arrangement began immediately after the court ruling. The police and foreign affairs ministers were both committed to renegotiating the program, and a cabinet decision gave full authority to the police minister to pursue the police aspect of the agreement (*National*, 12 Aug 2005).

The provision of basic education has been an ongoing dilemma for the government. In the *Education for All Global Monitoring Report* released by UNESCO in 2005, Papua New Guinea ranked 102 out of 127 countries. Figures from the 2000 national census showed that only about 40 percent of the primary school aged children were attending school at that time. In March 2005, the PNG Education Department launched its national education plan for the next ten years. The plan calls for the education system to provide children with skills rather than prepare them for tertiary education. The policy deliberately targets the thousands of young men and women who may not make it past years 8, 10, and 12, and who thus often join the growing unemployment numbers—hopelessly lost and dependent on parents and relatives in the cities and towns (*PNG Post-Courier*, 17 March 2005).

The tertiary education system was hit hard in 2005 when the staff and students at the University of Papua

New Guinea protested against the administration of the university. A work stoppage of two weeks occurred after staff demands for agreed wage increases were ignored. The administration continued its hard-line approach even after the staff went back to work. The leaders of the two staff unions and a number of senior academics were targeted by the administration, and nine staff members were asked to show cause why they should not be terminated.

The student protest began in July and lasted almost a month. Their demands focused on the grading system used at the university. The administration treated the students the same way that they treated the staff and this prolonged the protest. It was only after the intervention of the acting minister for education that the students went back to class. The minister appointed a committee headed by Dr Thomas Webster, director of the National Research Institute, to look into the allegations made by students and staff.

In February 2005, the Australian newspaper *The Age* claimed to have uncovered links between sixteen of Papua New Guinea's most senior police officers and Asian criminals implicated in people smuggling, money laundering, prostitution, illegal gambling, fraud, and theft. Police Minister Bire Kimesopa said that the report was credible and acknowledged the existence of an organized crime syndicate involving some senior members of the police force (*PNG Post-Courier*, 21 Feb 2005). The minister argued that the growing culture of corruption in the police force was a result of past governments not

tackling pressing issues including housing, pay, communication, logistics, and uniforms (*PNG Post-Courier*, 23 Feb 2005).

A highlight of 2005 was the establishment of a Guns Control Committee headed by retired General Jerry Singirok. Traveling to most parts of the country to collect information, the committee heard strong calls to immediately address the problem of illegal firearms. In Eastern Highlands Province it was discovered that many people have been killed during tribal fights by guns (*PNG Post-Courier*, 7 March 2005). In Mt Hagen the committee heard from a guns and drug dealer that guns are smuggled into the country in 200-liter gas bottles and 44-gallon oil drums (*PNG Post-Courier*, 4 April 2005). This informant was ready to reveal names of more than one hundred illegal gun buyers.

In the Southern Highlands, the committee heard that high-powered weapons were used in tribal fights, and that every tribe and clan was amassing guns in preparation for the 2007 elections. The committee was also told that the leaders themselves are arming the people. A study conducted by Professor Philip Alpers of the University of Sydney uncovered that approximately 2,450 factory-made firearms were being used by criminals, tribal fighters, and mercenary gunmen to wreak havoc in Southern Highlands Province. Professor Alpers said that most of the destructive firearms used in crime and conflict in the province had been supplied by PNG soldiers and police.

The fight by government, civil society, and foreign donors to address

the HIV/AIDS epidemic gained momentum in 2005. UNAIDS Executive Director Dr Peter Piot visited the country and noted that the 3 percent infection rate was high compared to other countries in the Pacific and East Asian region (*PNG Post-Courier*, 21 Feb 2005). The number of women getting infected was also high, which has serious economic and social implications. Since 2001, more than half of the 107 teachers who died while on duty suffered from HIV/AIDS (*National*, 31 May 2005). The National Superannuation Fund Limited reported that 90 percent of death claims relating to HIV/AIDS were from the Highlands Region (*PNG Post-Courier*, 10 June 2005).

The fight against HIV/AIDS was boosted by the establishment of a new organization called Igat Hope, made up of people living with the disease. Dr Banare Bun, chairman of the Parliamentary Committee on HIV/AIDS, urged people to make it their business to fight against the disease. Only when there is talk about sexuality and reproductive health will society be able to address the problem (*PNG Post-Courier*, 23 Feb 2005). The Australian government pledged its continued support to fund the PNG government's effort to fight the epidemic. AusAID head John Davidson said HIV/AIDS was the single biggest threat to Papua New Guinea (*PNG Post-Courier*, 17 March 2005). Two popular Rugby League players from Australia, Mal Meninga and Paul Harragon, visited schools and settlements carrying the messages of the dangers of the disease in society (*National*, 10 May 2005).

A major initiative of the Somare government was the District Treasury

Roll-out program. The program is designed to ensure that long-neglected districts obtain basic government services such as police, district magistrates, banking, and postal services. By the end of 2005, more than ten districts throughout the country had benefited from this program.

The Somare government also launched the Medium Term Development Strategy Plan: 2005–2010. Promoting the government's program for recovery and development, the plan has three interrelated objectives: good governance, export-driven economic growth, and rural development and poverty reduction to be achieved through empowerment of the people. It is a product of extensive consultation with the provincial and local level governments, the private sector, community organizations, and ordinary Papua New Guineans (*PNG Post-Courier*, 10 March 2005). Priority areas for the next five years are the rehabilitation and maintenance of transport infrastructure, promotion of income earning opportunities, basic education, development-oriented informal adult education, primary health care, HIV/AIDS prevention, and law and justice (*PNG Post-Courier*, 28 April 2005).

The plan was not without its critics, and Professor Allan Patience described it as "a feel good plan" that did not address many important issues—including disaster management, corruption, globalization, unemployment, and population growth—that could have a huge bearing on the economic and social prosperity of the country (*PNG Post-Courier*, 9 May 2005).

The forestry sector again came under scrutiny in 2005. Minister for

Forests Patrick Pruaitch came under attack by the member for Huon Gulf, Sasa Zibe. Arguing that the minister had allowed corrupt practices by foreign logging firms, Zibe urged Pruaitch to resign (*PNG Post-Courier*, 16 March 2005). Pruaitch's proposed amendment to the Forestry Act was opposed by provinces that have logging companies operating in them (*PNG Post-Courier*, 5 May 2005). The governors for Western Province and Gulf Province argued there was nothing wrong with the act as it stands, and that any amendments must take into account the interests of the people and not just that of the government (*PNG Post-Courier*, 13 May 2005). Members of Parliament also raised questions about how the prime minister would reconcile the proposed amendment with his push for carbon trading as a solution to climate change problems. Markham MP Andrew Baing warned that amendments to the Forestry Act would destroy the country's forest resources. Despite all the criticisms, Parliament passed the amendments during its sitting on 3 August.

A major blow to the forestry sector was the withdrawal of US\$34.4 million (112.4 million kina) by the World Bank for forestry and conservation project in the country. The loan agreement was designed to help government force logging companies to comply with forest and environment laws (*PNG Post-Courier*, 23 May 2005).

The Institute of National Affairs Council reported that it was pleased with the performance of the economy, noting that political stability had encouraged both investment and consumption (*PNG Post-Courier*,

16 March 2005). The United Nations Economic and Social Commission for Asia and the Pacific also praised the Somare government for maintaining tight fiscal discipline during 2005, which resulted in a surplus of 1.1 percent of the gross domestic product (*PNG Post-Courier*, 12 May 2005).

In June, the PNG Treasury secretary reported that the economy would grow by a projected rate of 3.4 percent. The economy had grown by 2.8 percent in 2003 and 2.6 percent in 2004 (*National*, 5 July 2005). Garth McIlwain, managing director of the Bank of the South Pacific, stated that the PNG economy is experiencing its best conditions in the thirty years since independence because of a sense of maturity in leadership (*National*, 3 Oct 2005).

ALPHONSE GELU

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SOLOMON ISLANDS

By the end of 2005 much of the public discussion in Solomon Islands focused on the general election scheduled for 5 April 2006. Many people hoped that this election would bring in leaders who would steer the country away from the path it had followed in the last twenty-seven years of constitutional independence. Many were convinced that poor leadership

and government policies had contributed to the social unrest and the subsequent intervention by the Australian-led Regional Assistance Mission to Solomon Islands (RAMSI) in July 2003.

Governor of the Central Bank Rick Hou echoed many people's sentiments when he said that voters should "elect honest, trustworthy and leaders of integrity . . . who can contribute positively to the welfare of the people and the country so that we can enjoy a stable landscape" (*Solomon Star*, 14 Dec 2005). But while people hoped for the best from this election, past experiences indicate that one should never bet on a favorable election outcome. For one thing, the election will be contested under the same electoral and political party systems used in the past. Second, the predominant political culture, which places enormous social and financial demands on candidates, will continue to influence both the election process and its outcome. Unless these change, it is difficult to see how this election will be different from previous ones.

The election aside, and like the previous year, 2005 was dominated by the continuing struggle to recover from the social unrest that started in late 1998 and has since dominated Solomon Islands political, social, and economic landscapes. Central to the recovery process was the work of the Regional Assistance Mission and other institutions engaged in strengthening the state's capacity to restore and maintain law and order, manage the economy, and provide social services. Cohorts of nongovernmental organizations, foreign governments, and financial and intergovernmental institutions joined RAMSI in the task

of post-conflict rebuilding. While these institutions usually captured the media limelight, there were also many local communities and individuals who—even before the RAMSI intervention—had been working to restore order in communities across the country and rebuild relationships damaged by the social unrest. These people continued to contribute to the post-conflict rebuilding processes.

The year started on a high foreign-relations note with the historic visit in early February of Taiwanese President Chen Shui-bian. He was accompanied by a huge delegation that consisted of sixty-nine "high-ranking" government officials and more than forty media personnel. President Shui-bian's visit marked a milestone in Solomon Islands–Taiwanese relations and highlighted Solomon Islands' importance in Taiwan's push for international recognition. The Honiara visit was part of President Shui-bian's Pacific Islands tour, aimed at improving Taiwan's profile and recognition in the international arena. With mainland China's rapid economic growth and growing importance as a global power, it was vital for Taiwan to ensure that Pacific Island countries like Solomon Islands were kept under its diplomatic wings.

The Solomon Islands government gave President Shui-bian the highest diplomatic treatment, rolling out the red carpet in the humid afternoon sun on 29 January, and then according him the honor of addressing the Solomon Islands National Parliament on 31 January. Governor-General Sir Nathaniel Waena hailed Taiwan as "the only helper in Solomon Islands' dark days" (*Solomon Star*, 1 Feb 2005). In response, President Shui-

bian called Solomon Islands “Taiwan’s most loyal ally in the Pacific” (*Solomon Star*, 1 Feb 2005).

Taiwan’s relations with Solomon Islands has captured much interest over the years, especially in relation to what is often described as Taiwan’s “checkbook diplomacy.” More serious were allegations that Taiwanese money had been used to buy and maintain patron-client relationships in domestic politics. Although no one has offered substantial evidence to prove this, it is clear that prior to the RAMSI intervention Taiwanese money was used to pay “compensation” to armed groups and individuals, fueling the extortion of the state and the maintenance of relationships between some government officials and armed citizens.

The debate surrounding Taiwanese money came to the fore in the lead-up to the 2006 election, with two members of Parliament, Joses Tuhanuku and Alfred Sasako, accusing Taiwan of bankrolling particular politicians, including Prime Minister Allan Kemakeza and his Peoples Alliance Party (*Solomon Star*, 17, 20, 21, 22 March 2006).

The Taiwanese president’s visit was significant, but as soon as he left the country, domestic politics shifted back to its usual gear. During the February meeting of the National Parliament, for example, Bartholomew Ulufa’alu moved a motion of no confidence in Prime Minister Kemakeza, accusing his government of unfairly dismissing public servants and mistreating workers at the Russell Islands Plantation Estate Limited. However, realizing that he didn’t have the numbers to carry it through, Ulufa’alu withdrew the motion before it could be voted

on. In reaction, Kemakeza described Ulufa’alu as “a total coward” (*Solomon Star*, 14 Feb 2005).

During the same meeting, the National Parliament also debated and passed three reports on the review of RAMSI’s first year of operation: (1) the Review Report by the Intervention Taskforce Committee; (2) the Cabinet Committee’s Report of the Taskforce’s Review; and (3) the Parliamentary Foreign Relations Committee Review Report. The debate was at times heated as parliamentarians expressed differing opinions about the work of the Regional Assistance Mission. While many expressed appreciation of RAMSI’s contributions to the restoration and maintenance of law and order and the continuing efforts to rebuild the country, some expressed concern about the approaches it employed. Then Minister for Police and Justice Michael Maina, for example, claimed that the “gap between RAMSI and [the Royal Solomon Islands Police] RSIP is deepening.” He called for the closing of the gap, and requested that Solomon Islands’ “friends must listen” (*Solomon Star*, 2 Feb 2005). Then Minister of Finance Francis Zama made stinging criticisms of the Regional Assistance Mission, expressing concern about RAMSI officials taking on line positions in the public service and how that could be unsustainable in the longer term.

For his criticism of RAMSI, Zama found himself at the wrong end of the prime minister’s political whip. He was sacked as cabinet minister, and Kemakeza made no secret of the fact that it was because of Zama’s critical comments about RAMSI. Zama said that he would not rule out the possi-

bility that Australian authorities might have had a hand in his dismissal (*Solomon Star*, 4 Feb 2005).

The country's political discussions were not confined to the National Parliament. Politics outside of Parliament were as dynamic as they have always been, and, as expected, were influenced a great deal by issues emerging out of the social unrest. One interesting development was the emergence of the Ma'asina Forum, a social movement that claimed to champion the interests of Malaita people. Formed initially to facilitate discussions about development on Malaita, the Ma'asina Forum later shifted to other issues such as a demand for Malaita's independence. People increasingly perceived the movement as anti-central government and as pushed by a few elites in Honiara to serve their own political agendas. Commenting on the issue of independence, Malaita's Anglican Bishop, the Rev Terry Brown, said that "there is little grassroots interest in independence in Malaita, indeed, even some resentment of Honiara elites trying to run the show again" (*Solomon Star*, 31 January 2005).

In the other provinces, there were attempts to bring people together to reflect on what had happened and map out paths into the future. The Guadalcanal and Western provinces, for example, organized leaders summits to discuss issues important to their respective provinces. The Guadalcanal Province Leaders Summit in February brought together more than 100 participants, and afterwards the provincial government produced a document called "The Way Forward," aimed at setting direction

for the future. In late February the Western Province held its own leaders summit in Gizo, bringing together people from various sectors of society.

Another issue that dominated public discussions throughout 2005—as it did in prior years—was the proposal to introduce federalism, or a state government system, as it is commonly known in Solomon Islands. This issue, which had been around since independence, became prominent during the social unrest because of Guadalcanal Province's demand for the establishment of a federal system of government to replace the existing unitary system. In 2003 and 2004 the United Nations Development Program sponsored a nationwide consultation aimed at facilitating constitutional reform to accommodate federalism. Since then, a draft federal constitution has been produced. Despite this, the debate has continued, with people expressing both support and opposition to the proposal. The Western and Guadalcanal provinces strongly support federalism. In December 2005, for instance, Western Province Premier Alex Lokopio stated his province's disappointment with the central government's delay in tabling the draft federal constitution. He said that the Western Provincial Government "believes that State Government is a prerequisite for peace and prosperity and seeks it as a matter for survival" (*SIBC News*, 7 Dec 2005). On the other hand, individuals and organizations such as the Ma'asina Forum were opposed to the proposed federal system.

Apart from the political dramas, 2005 was also dominated by the continuing efforts to restore and maintain

law and order and strengthen state capacity. There was widespread recognition of the fragility of the law and order situation. This was fatally demonstrated by the shooting of Adam Dunning, a twenty-six-year-old Australian police officer, on the outskirts of Honiara in December 2004.

As part of the attempt to restore law and order and ensure the prevalence of justice, there were calls for the instigators of the social unrest to be brought before the courts. While people appreciated the good work that the Regional Assistance Mission had done, there was a perception that they had not brought the “big fish” to justice and had not addressed the root causes of the social unrest. Former Prime Minister Manasseh Sogavare, for example, said that “this country will be the same again unless these people are brought to justice” (*Solomon Star*, 21 Dec 2004). Bishop Terry Brown also raised similar concerns, saying that during the civil unrest “many political and business figures were involved in some potentially criminal behavior” (SIBC News, 9 Feb 2005). There were also allegations that Prime Minister Kemakeza was involved in criminal activities and should therefore be charged. Kemakeza, however, insisted that he was innocent and the police stated that they had nothing to charge him with. Despite the police statement, throughout 2005 certain individuals continued to demand that Kemakeza be investigated and charged.

While the prime minister was never charged, some of his cabinet ministers were not as fortunate. By the end of 2005, five cabinet ministers had been arrested and charged for crimes such

as demanding money with menaces, false pretenses, inciting others to commit arson, arson, and corruption. They included Minister for Agriculture Alex Bartlett, Minister of Provincial Government Clement Rojumana, Minister for Police and Justice Michael Maina, Minister for Health Benjamin Una, and Minister of Finance Francis Zama. All except Bartlett were released on bail.

The arrests of these cabinet ministers signaled a new era in Solomon Islands political history—it was the first time that cabinet ministers have ever been arrested and charged for corruption while in office. Many ordinary citizens hailed it as a step in the right direction and there was hope that other “big fish” would eventually be caught. In fact, as late as March 2006, during a public forum at the Auki Market and Malu‘u on Malaita to mark the visit of a RAMSI delegation led by Special Coordinator James Batley, people expressed the desire to see the “big fish” arrested (*Solomon Star*, 27 March 2006).

Cabinet ministers were not the only “big fish” caught by the law in 2005. Prominent lawyer and Malaita Eagle Force (MEF) leader Andrew Nori was arrested in April 2005 and charged (along with other prominent MEF leaders) with the misuse of SI\$5 million (US\$980,000) paid to the Malaita Province as compensation during the height of the social unrest. Another prominent figure who found himself on the wrong side of the law was Ezekiel Alebua, a former prime minister and premier for Guadalcanal Province. He was arrested in August 2005 and charged with four counts of larceny relating to money paid to the

Guadalcanal Province, also during the period of social unrest.

In the meantime, the courts were processing cases relating to other “high-profile” individuals like Harold Keke, Jimmy “Rasta” Lusibaea, Andrew Te’e, Moses Su’u, and others who had been arrested in the previous two years. The highlight of early 2005 court cases was the trial of Harold Keke, Ronnie Cawa, and Francis Lela for the murder of the former cabinet minister and member of Parliament for South Guadalcanal, Fr Augustine Qeve. In March the three were sentenced to life in prison. Another case that attracted a lot of public interest concerned the murder of six Melanesian Brothers of the Church of Melanesia. In October 2005, Ronnie Cawa, Owen Isa, and Joses Kejoa were found guilty in this case. The trial for the murder of Selwyn Saki, a former leader of the Isatabu Freedom Movement, continued into 2006.

Apart from law and order issues, 2005 also witnessed public-sector reforms aimed at strengthening the public service and making it more efficient and effective. There was particular emphasis on the Inland Revenue Department, and accountability institutions such as the Auditor General’s Office, the Leadership Code Commission, and the Ombudsman’s Office. By the end of 2005, efforts to strengthen these institutions seemed to be paying off. Inland Revenue was collecting more returns than it had in the previous two years, and there was a push to improve the tax system and enforce existing tax regulations. In late 2005 the Auditor General put out two reports that revealed extensive mismanagement and misappropriation

of funds in the fisheries and forestry departments. Through these reports, ordinary Solomon Islanders for the first time caught a glimpse of what they had always suspected was happening in government departments. There was public outcry for those responsible to be either disciplined or charged.

On the economic front, in November 2005 Central Bank Governor Rick Hou reminded everyone that economic recovery would continue to be a difficult challenge. He said that the growth of the past year was not enough to make up for the economic decline of the previous five years. Further, the country faced challenges such as rapid population growth, narrow export base, and the risk of high inflation. Hou also pointed out that rising oil prices posed risks to inflation, and excess liquidity posed potential risk to external reserves, inflation, and government debt, which could threaten sustainability (SIBC News, 2 Nov 2005).

To address some of the economic challenges, the government pushed to reopen two of the major income-generating industries on Guadalcanal: the oil palm plantation on the Guadalcanal Plains and the Gold Ridge gold mine in Central Guadalcanal. The Papua New Guinea-based New Britain Oil Palm Limited subsequently signed an agreement to invest in the palm oil plantation. A company called the Guadalcanal Plains Palm Oil Limited (GPPOL) was established, and by the end of 2005 work had begun clearing the plantation and rebuilding infrastructure destroyed during the social unrest. However, the operation suffered a major set-

back when on 8 February 2006 the newly built GPPOL office at Tetere was burned. Despite this, the company was determined to continue with the project.

The reopening of the Gold Ridge mine was, however, much slower and complicated by landowner demands for renegotiation of the mining agreement, which had been signed with the previous owner of the mine, Ross Mining. The new owner was an Australian consortium known as Australia Solomons Gold. By the end of 2005 negotiations were still continuing.

The proposal for the establishment of the Auluta Palm Oil plantation on East Malaita was extensively discussed in 2005. Negotiation with landowning groups had been going on for sometime, and there was widespread support from the Malaita Provincial Government and land-owning groups in the area. However, by the beginning of 2006 on-the-ground work on the plantation had not yet started. There were calls for the government that will take office after the April 2006 election to make this project a priority.

In the meantime, traditional industries such as forestry and fisheries continued to be important. Also significant was the role of small-scale farmers in villages around the country. Indeed, the governor of the Central Bank commented in 2004 that the growth of the economy in 2003 was attributable to the contributions of small-scale farmers.

The year had its share of public controversies. The most prominent involved the National Provident Fund (NPF), the country's only superannua-

tion scheme, recording a loss of more than S\$52 million (US\$10.2 million) in 2004; and the ongoing strike at the Russell Islands Plantation Estates Limited (RIPEL) in the Central Islands Province. Workers throughout the country were angered to learn of the NPF's losses and were concerned that they could lose their life's savings. In the meantime, RIPEL workers were on strike for most of 2005, inciting heated debates between the government, the union, and the owners of the estate. The strike has continued into 2006 and is likely to influence election outcomes.

In spite of all the difficulties that the country has faced in the last couple of years, my spirit is always lifted by the general sense of optimism among Solomon Islanders, however cautious they might be. It is always great to see people gather, chew betel nut, reflect on what has happened, and map ways forward. At all levels of society, people are working to heal the wounds of the social unrest. This optimism and work in mending relationships and rebuilding communities must be identified and nurtured by those wanting to help Solomon Islands. While the bigger picture of the nation-state is important, it is these communities that provide the foundation for the larger entity.

The April 2006 election brings cautious hope that the country will enter a new era. During this era, assistance from Solomon Islands' neighbors, such as that demonstrated by the Regional Assistance Mission, will continue to be important. In helping, however, outsiders must ensure that they do not take over the agenda. Rather, they should provide

the space for Solomon Islanders to set their own agenda and plot the course to the future. This will ensure that the good work that has been done so far is sustained and will avoid continuing dependence on neighbors. Those wanting to help must be aware that Solomon Islanders could easily say, “Sapos yu laik duim, olem yu duim, mi lukluk” (If you want to do it, then you do it and I’ll watch).

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VANUATU

Vanuatu celebrated its twenty-fifth year of independence in 2005. However, it has largely been “business as usual” on the political front, with the normal morass of personal or personality-based politicking, leavened by a number of scandals. There was some instability in the national government and some political parties, and a number of management issues arose in various state institutions, but 2005 was not as turbulent as some recent years have been. It has, however, been a year of complexity. Maneuverings within and between parties have affected both local (municipal) and national politics, and local politics has affected national politics as well. Various state-owned enterprises have also had their composition affected as the political fortunes of various parties have changed.

In national politics, the year began with Ham Lini as prime minister of a newly formed government. Ham Lini is a relative newcomer to national politics, only assuming a leadership role in National United Party (NUP) following the death of his brother in 1999. He gained the position of prime minister in December 2004, after a no-confidence vote in the short-lived government that had been formed following the July 2004 elections, led by Serge Vohor (Union of Moderate Parties, or UMP). While there was some talk that this was “Vanuatu’s Lini legacy revived” (*PVPO*, 14 Dec 2004), Ham Lini is operating in an environment more political than the one that existed for his brother, Father Walter Hadye Lini, in the years following independence.

Father Lini, who was prime minister from 1980 to 1991, operated under what was basically a two-party system. He led a Vanua’aku Party (VP) government. The primary opposition was the UMP, which had its roots in a collection of several small francophone parties. Following the 1987 election, only three parties—VP, UMP, and the Fren Melanesian Party (which had one seat)—were represented in Parliament. However, 1987 marked the beginning of the change to a political system in which many small parties vie for power, and coalition government is now the rule rather than the exception. After Father Lini suffered a stroke in 1987, others began to challenge his leadership. In 1988 Barak Sope broke from the VP to form the Melanesian Progressive Party (MPP), and in 1991 Donald Kalpokas replaced Lini as

the prime minister and VP leader. This prompted Father Lini to split from VP and form the NUP. Since then, the number of parties has proliferated and the number represented in Parliament has gradually grown, from six parties following the 1991 election to ten parties (plus nine independent candidates) following the 2004 election.

Ham Lini's coalition at the beginning of 2005 represented eleven parties. Essentially a line was drawn between UMP in opposition, and everyone else in a coalition government. Lini gained the position of prime minister on 11 December 2004, but his position was far from stable, and by 31 December there were already media reports of planned reshuffles to try to accommodate all the coalition partners. Throughout the year there were a number of changes in the cabinet and alterations to the coalition. The most significant of these occurred in November, when then Finance Minister Moana Carcasses Kalosil was removed from cabinet and the Greens Confederation (GC) removed from the coalition (VDP, 15 Nov 2005). This split was brought about in part because GC was gaining increasing power and demanding additional seats in cabinet (*Independent*, 28 Aug 2005; VDP, 26 Sept 2005). A second factor in this split was related to political maneuvering for the position of lord mayor of Port Vila. GC had signed an agreement with VP and the opposition UMP that was to give the position of mayor to UMP and the position of deputy mayor to GC, to be rotated after two years. This effectively placed GC in alliance with the opposition and shut

out one of the main coalition partners, NUP. The GC/UMP/VP agreement was later trumped by a second agreement between NUP, VP, the Vanuatu Republican Party (VRP) and the National Community Association (NCA), which gave the position of mayor to VP (VDP, 11 Nov 2005). The ousting of GC from the government created a potentially powerful GC/UMP opposition. Despite the various reshuffles, the Ham Lini-led government managed to survive two proposed no-confidence motions in 2004. It continues to govern into 2006, although rumors of further no-confidence votes and reshuffles continue.

The shifting sands that have characterized the nature of the coalition have also been reflected within the larger political parties, particularly NUP and VP, where a superficial glance may suggest that a cohesive party exists, but closer examination reveals rifts and many shifts of allegiance.

From the beginning of 2005 it was apparent that a power struggle between Ham Lini and Willy Jimmy was occurring, when Jimmy was not present at Lini's swearing in as prime minister (*Independent*, 9 Jan 2005). In January Jimmy claimed that a reshuffle putting NUP, UMP, and the Greens Confederacy (GC) into government had been promised, and that if it did not take place he and a block of five or six other NUP members of Parliament would move to Vanuatu National Party (VNP), which had been formed by Dinh Van Than after disagreements with Lini (*Independent*, 11 Jan 2005). While Jimmy did not split from NUP, tensions again sur-

faced at the NUP national congress at Motalava in October. Two lists of people were eligible to vote for executive. Because of this, NUP Chairman Meto Chilia said he “decided to suspend the congress for a few hours to allow the former executive to meet and have a compromise decision before proceeding to the election of the new executive” (*PVPO*, 25 Oct 2005). However, Lini used his power as president to let the elections go ahead. Willie Jimmy and his supporters walked out and Lini was reelected president (*PVPO*, 18 Oct 2005). There was some talk that the decision at the Motalava congress would be challenged in court, and that Lini would use this incident as an excuse to drop Jimmy from the cabinet. Despite these rumors, Lini did not shuffle Jimmy out of cabinet, which would have created a deep rift within NUP, and instead he publicly confirmed Jimmy’s place as a minister, stating to the media, “I still need him in my government” (*PVPO*, 25 Oct 2005). Jimmy subsequently benefited from GC’s removal from the governing coalition, assuming the position of minister of finance after Carcasses was shuffled out in November (*VDP*, 12 Nov 2005).

Similar irregularities in voting and power plays between senior members of VP were largely responsible for causing the rift that is still continuing. These problems became apparent at the VP congress held at Lingarak in October 2003. Voting on the VP executive split the party between the “old guard,” which includes Kalpokas, Sela Molisa, Joe Natuman, and Jackleen Reuben Titek, and the supporters of Edward Natapei, who was then

prime minister. At the Lingarak congress a motion to oust the old executive was passed, but VP Honorary President Kalpokas then declared the vote invalid due to irregularities. The friction within VP led Natapei to dissolve Parliament in 2004 in order to avoid a vote of no confidence that would have been supported by a number of VP members of Parliament. Numerous legal challenges arose concerning the VP leadership and who would be permitted to use the VP name during the national election. While the court ruled that both parties would be permitted to use the VP name, ultimately most of the Kalpokas faction stood under the Vanua K Group banner.

It was hoped that the 2005 Congress would see a reunification of VP. However, factions were still running to court immediately prior to the election in order to “set up ways to control registration of sub-committees having the right to attend the party’s congress as required by the internal regulations of the party” (*PVPO*, 23 Aug 2005). Despite fears that pre-Congress court maneuverings might be an ill omen for chances of reconciliation, the Congress did achieve at least some degree of finality in who leads VP, when Natapei was elected president (*VDP*, 1 Sept 2005). However, the executive does not contain any representatives from the “old guard” (*VDP*, 2 Sept 2005), so long-term harmony within VP is still in some doubt.

There was also more than a hint of vote buying by the Natapei camp. Harry Iauko, “the architect of the re-election of Natapei” (*VDP*, 25 Sept 2005), was appointed VP secretary-

general. It appears he had made a number of promises to various people in return for votes. One was that Daniel Bule be appointed Chair and others be appointed to the board of the Vanuatu Maritime Authority (VMA). These appointments were referred to the Supreme Court by the VMA. The court halted the appointments, as correct procedure had not been followed and the new appointees did not have the statutorily required experience within the shipping industry (*VDP*, 21 Sept 2005).

Hostilities between Iauko and Minister for Internal Affairs George Wells also broke out after Wells terminated twenty-one employees of the Port Vila Municipal Council (PVMC) as part of a redundancy exercise (*VDP*, 19 Sept 2005). The redundancies came after a number of inquiries into mismanagement within the council. Reports of mismanagement resulted in the suspension of the council and the appointment of former Ombudsman Hannington Alatoa as commissioner. Alatoa had the unenviable job of trying to bring order to the council. Some of those terminated under the redundancy package were “key Natapei supporters” (*VDP*, 26 Sept 2005), and Iauko demanded their reinstatement. Wells refused and threatened to leave VP and join NUP if the terminated workers were reinstated (*VDP*, 25 Sept 2005). Ultimately Iauko did not get his way, and Wells remained with VP, although it remains to be seen whether Iauko can retain his influence within VP, having failed to deliver on various promises.

As we have seen, from both the ousting of GC from the coalition government and friction between Wells

and Iauko, politicking on the municipal level has affected national politics. The operation of the PVMC has in itself also been a major political story in 2005. The position of lord mayor is determined by voting by the PVMC. In December 2004, Joseph Aron of VP replaced Patrick Crowby Manarewo of NUP, who had held the mayoral position for a number of years. While this vote was initially challenged on the grounds of procedural irregularities (*PVPO*, 20 Dec 2004), Aron's election was later confirmed as having taken place properly (*PVPO*, 23 Dec 2004). Crowby was subsequently appointed government spokesman, in consolation for losing his position as mayor (*PVPO*, 6 Jan 2006). Although the VP-led overthrow of Crowby did create some tension between VP and NUP (*Independent*, 27 Feb 2005), this did not have any serious effect on the coalition government.

Aron soon suspended Town Clerk Madeleine Tom and Deputy Town Clerk Fatané Sope, replacing them with VP supporters (*PVPO*, 5 Jan 2005), although the appointment of the new town clerk was subsequently canceled because correct procedure had not been followed (*PVPO*, 18 July 2005). By the end of January the 14-member council was reduced to 9 members, with 4 members being suspended for failing to attend three consecutive meetings (*PVPO*, 25 Jan 2005; 11 Feb 2005), and Crowby resigning (*PVPO*, 25 Jan 2005).

It soon became apparent that the suspension of Tom and Fatané Sope was not solely politically motivated and that there had been significant mismanagement within the PVMC. Sope's status was resolved early when

he was terminated for misconduct, having continued to access and remove PVMC papers despite his suspension (*PVPO*, 25 Jan 2005). In a report into allegations of embezzlement within the PVMC, it became apparent that there were at least sufficient grounds for a reasonable suspicion of wrongdoing by Tom (*PVPO*, 29 March 2005). Crowley was also implicated in this report. The report also alleged that Tom had been recruited illegally, had improperly employed her son in the PVMC, and had used the PVMC to purchase building materials for her private use (*PVPO*, 4 April 2005). While Tom refuted these claims, Aron requested that the minister for internal affairs terminate her (*PVPO*, 25 April 2005).

Tom was not terminated, but as various allegations of wrongdoing within the PVMC came to light, Wells took the step of suspending the PVMC and appointing former Ombudsman Hannington Alatoa as commissioner. While Alatoa was commissioner, further reports detailing misappropriation of funds and mismanagement came to light. Not only was there misappropriation under Crowley's regime, and unpaid property taxes of more than 280 million vatu (*PVPO*, 20 Sept 2005), but under Aron's leadership more than 6 million vatu in illegal allowances had been paid to councilors in the first eight months of 2005 (*Independent*, 15 Oct 2005).

The elections for the new PVMC saw a record 177 candidates stand. However, voter turnout was only 51 percent. Crowley was reelected and Aron lost his position. Seats were fairly evenly divided among the main political parties, with UMP, NUP, VP,

and GC gaining three seats apiece. The remaining two seats were taken by VRP and the NCA (*PVPO*, 3 Nov 2005). As discussed earlier, because there was no clear leader among the political parties, a period of negotiation and coalition building ensued. During this process UMP and GC aligned, eventually resulting in GC being ousted from the governing coalition. Ultimately a coalition of NUP, VP, VRP, and NCA was formed, and VP's Paul Avock elected mayor (*VDP*, 12 Nov 2005). However, a number of elected councilors may not remain in place for very long. Wells stated that councilors with money owing to the PVMC had until 30 November to settle their debts or their seats would be vacated. Whether or not this occurs appears to depend on whether there is sufficient money to hold a by-election (*VDP*, 8 Nov 2005).

The Port Vila Municipal Council was not alone in undergoing difficulties, however. The Luganville Municipal Council (LMC) town clerk was terminated for misconduct in January after loaning money to someone outside of the LMC in contravention of direct orders from the director of internal affairs (*PVPO*, 27 Jan 2005). The LMC itself was suspended in March (*PVPO*, 22 March 2005), and Paul Hakwa was appointed as commissioner for a period of twelve months. The LMC was reported to be in debt by almost 30 million vatu, including 4.5 million in cash advances that had not been repaid. It was estimated that 9 million vatu was owed to creditors, and that outstanding debtors owed the LMC approximately 10 million vatu (*Independent*, 24

April 2005). The minister for internal affairs stated that it was his intention to first get the affairs of the LMC in order, then tackle those of the PVMC, before turning to the Sanma Provincial Council, which is facing similar allegations of gross financial mismanagement (*Independent*, 20 March 2005).

A number of state-owned enterprises and state institutions found themselves in the news again in 2005. Foremost among these were the police, the Vanuatu Maritime Authority, and Air Vanuatu.

The year 2005 again saw the Vanuatu Police Force struggling with issues of leadership. In 2004 Robert Diniro had been suspended as commissioner of police, and Joshua Bong had been suspended as commander of the Vanuatu Mobile Force following an attempted arrest of then Prime Minister Serge Vohor (*VDP*, 14 Sept 2004). As a side note, the Commission of Enquiry that was appointed to look into potential improper motives behind this attempted arrest finally made its report to the government at the end of May 2005 (*Independent*, 29 May 2005). The inquiry cost more than 1.2 million vatu (US\$10,500), excluding court costs (*Independent*, 23 Jan 2005), and the report has never been made public. In December the Public Prosecutor's Office was ordered to pay Serge Vohor over 2 million vatu in court costs arising from the criminal charges that had been filed against him, precipitating the attempted arrest (*VDP*, 3 Dec 2005).

Arthur Caulton was appointed acting commissioner of the police in 2004 following these suspensions.

While Bong was reinstated in April 2005 (*Independent*, 17 April 2005), Diniro was not, and was formally removed as commissioner by the president on 16 June (*Independent*, 1 July 05). There was dissatisfaction among the police with Caulton's leadership, along with stories of intended mass resignations, brought about by a combination of low pay, no incentives, and lack of confidence in the leadership of the force (*Independent*, 1 May 2005). There were also calls from within the force for Caulton to resign and be replaced by Aru Maralau (*PVPO*, 24 May 2005). Despite this, Caulton continued in his acting position, although he suffered a hiccup in November when the Police Services Commission removed him from his post and appointed Vanuatu Military Forces Major Kalshem Bongram in his place (*VDP*, 26 Nov 2005). Caulton filed for judicial review in court, on the grounds that only the president could terminate him (*VDP*, 1 Dec 2005), and the president later confirmed that Caulton would remain as acting police commissioner until terminated by the head of state (*VDP*, 6 Dec 2005).

While the position of acting commissioner has not been without controversy, the government has been slow to appoint a new commissioner, in part due to difficulties within the Police Services Commission, and in part due to debate about whether the new commissioner should be a foreigner. The government appeared to be committed to appointing a foreign police commissioner, in order to bring stability to the police (*Independent*, 12 June 2005), although the idea of a foreigner in a top public service posi-

tion was not without controversy, and was opposed by a number of people. No progress in appointing anyone permanently to the position had been made by the end of the year. By early 2006 applications for a local police commissioner had been sought, on the grounds that the Constitution states that only citizens of Vanuatu should be appointed to Vanuatu. Because of this, "This senior police force position should only be given to an expatriate if no one among the applicants is a suitable candidate" (PVPO, 1 Feb 2006).

The Vanuatu Maritime Authority was not only in the news due to political interference in appointments to the board, as discussed earlier. As has become normal for this institution, it was also embroiled in a number of other controversies. In 2005 the VMA was the subject of an ombudsman's report, which recommended that VMA Chair Christopher Emelee be prosecuted for recruiting a foreigner without acquiring the correct work permits (PVPO, 18 Oct 2005). This, however, was the least of the VMA's worries. As detailed in previous Vanuatu political reviews, there have been issues with staffing and membership of the VMA board for a number of years. Over the last two years, costs from illegal terminations have cost the VMA around 20 million vatu, with Marie Noelle Ferrieux Patterson being awarded just over 10 million vatu in 2004 and Bani Timbaci being awarded almost 10 million vatu in September 2005, although the payment to Timbaci was later reduced to about 5 million vatu on appeal. This created the interesting response that people who cost the government

money through their own mismanagement should bear the costs of their errors. Willie Jimmy was particularly well reported on this issue, stating in the media "that the VMA is a classic example of the people holding high positions at statutory bodies who draft their contracts themselves to suit themselves. Those people should have to face the consequences and pay compensation claims instead of giving the burden to those institutions they penalise" (PVPO, 25 Oct 2005).

This position was turned around in October, when the Ministry of Public Utilities reached an out-of-court settlement of 35 million vatu with the owner of the *Southern Star*. The matter arose after the *Southern Star* had an insurance claim with QBE Insurance declined, in part because of wrongful information provided by Timbaci (who at the time was acting VMA commissioner) that the captain and chief engineer were not properly qualified. Current VMA Commissioner Less John Napuati was not slow to point out that it was unfortunate that an individual's professional negligence was costing the country money (VDP, 19 Nov 2005).

In May, Napuati, along with Emelee, former VMA advisor Guy Bernard, former VMA board member John Simbolo, and former Minister for Fisheries Stephen Kalsakau, must have breathed a sigh of relief when the case against them for conspiring to defeat the course of justice was struck down by the Supreme Court because of prosecution delays. This case, which has been detailed in previous Vanuatu political reviews, arose after the crews of two fishing vessels were arrested for fishing in Vanuatu

waters without a license, but subsequently apparently backdated licenses were produced. However, in June the Court of Appeal overturned the Supreme Court decision, and by the close of 2005 the trial was still proceeding (*Public Prosecutor v Emelee*). The embattled VMA has struck back by suing the police and the Fisheries Department for 12 million vatu in wharfage fees that arose when a Chinese vessel was seized by officials and kept in custody for over 300 days pending trial (VDP, 27 Oct 2005).

Air Vanuatu is another institution that is no stranger to controversy. The latest round began when the Air Vanuatu and Vanair boards again remerged at the beginning of 2005 (PIR, 10 Jan 2005). A large board, which eventually numbered close to thirty, was appointed to manage the airline. In January 2005, Chief Executive Jean-Paul Virelala and Marketing Manager Joseph Laloyer were both terminated, apparently to make way for political appointees. As a result of these terminations, Air Vanuatu was sued by Virelala for 74 million vatu and by Laloyer for 50 million vatu (PVPO, 22 Feb 2005). In an odd twist, Laloyer was subsequently reinstated in order to avoid unbudgeted termination costs. This apparently resulted in the termination of Henry Iauko as chair of the Board of Management for Air Vanuatu, by Utilities Minister Maxime Carlot. It was reported in the media that "the decision of Minister Carlot was purely personal. 'Minister Carlot had promised to put out Laloyer if ever he got back into power because he had refused to include Carlot on a particular Port Vila–Nouméa flight,' said [a] govern-

ment source" (PVPO, 18 July 2005). Iauko was soon reinstated.

More disruptive has been the progressive strike actions by Air Vanuatu staff who are members of the Vanuatu National Workers Union (VNWU). The initial grievances that sparked a long and drawn-out industrial action are unclear. A brief timeline is as follows: On August 12 the minister for internal affairs made an order that no industrial actions take place for a period of two months, while conciliation took place (VDP, 9 Dec 2005). Despite this, some Air Vanuatu staff did go out on strike. In early September, 26 Air Vanuatu staff were terminated. All these were union members; however the termination is legal because proper termination allowances were paid out (VDP, 6 Sept 2005). Air Vanuatu CEO Terry Kerr later said that the terminations were part of ongoing restructuring, and that this would save Air Vanuatu 30 million vatu per year (VDP, 24 Sept 2005). In October another 4 staff from the finance department were terminated, again as part of restructuring (VDP, 22 Oct 2005). By the end of November, staff of Air Vanuatu and Vanuatu Abattoirs Ltd, which has also been rocked by strike actions throughout the year, gathered to picket (VDP, 29 Nov 2005). The picket action was discontinued following (untrue) rumors that police had been given permission to carry arms (VDP, 30 Nov 2005). In early December, another 16 staff members were terminated (*Independent*, 3 Dec 2005). Picketing again resumed, resulting in 48 people being arrested and charged with unlawful assembly (VDP, 10 Dec 2005).

This issue continues unresolved into 2006. It is of grave concern to the tourism industry, as flights have been adversely affected. VNWU's growing power (and, some might say, its irresponsible exercise of that power) is also of concern to all businesses in Vanuatu. At least one long-standing business that provided staff with benefits in excess of the statutory minimums has closed down in 2005 due to pressure placed on it by the VNWU.

There are a number of potentially volatile issues that continue to fester into 2006, but there was a final bright spot for the country near the end of the year, when Vanuatu finalized negotiations with the United States for funds from the Millennium Challenge Corporation (MCC). The agreement is for the United States to pro-

vide US\$66 million, primarily to be used for the construction of roads. The agreement is to be signed in early 2006 (VDP, 19 Nov 2005). Vanuatu has also been ruled eligible to apply for further funding in the 2006 MCC funding round.

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